

Gifts & Entertainment Policies 2012

Health Care Compliance Association & the Society of Corporate Compliance and Ethics
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OBJECTIVE:

A survey was conducted in 2009 revealing that business is fairly restrictive of gifts employees can give and receive, as well as how they can entertain. This survey was conducted in order to determine if gift-giving and entertainment policies have changed in the past three years.

METHODS USED:

Responses were collected from contacts in the database of the Health Care Compliance Association and Society of Corporate Compliance and Ethics. Over 500 responses were collected using Zoomerang, a web-based third party survey provider.

KEY FINDINGS:

- Most respondents reported that their organizations are very restrictive in the gifts that they allowed employees to receive.
 - 26% of companies set gift limits of less than \$50.
 - 22% reported they were banned from receiving gifts.
 - 15% reported that gifts must be modest.
 - 4% reported there is no policy.
- While 22% overall reported they were banned from receiving gifts, the number of publicly traded companies was much lower at 9%. Non-profits posted a higher than average 29%.
- Respondents from the healthcare industry were more likely than respondents as a whole to report that receiving gifts was banned. Up 8% from the 20% recorded in 2009.
- It is easier to receive a gift than to give one.
 - 22% reported they may not receive a gift.
 - 28% reported that their company policy bans the giving of gifts.
- Restrictions on being entertained were similar to receiving gifts, but there was less precision in the definition of permissible entertainment.
 - 23% of respondents reported they are not allowed to be entertained.
 - Respondents who were allowed to accept entertainment were most likely to report policies calling for modest entertainment (32%) than a specific dollar amount.
 - 8% stated entertainment greater than \$100 is permitted.
- In terms of entertaining customers, healthcare and the non-profit sector were the most restrictive.
 - Overall, 22% reported that they were not allowed to entertain.

- Among respondents from publicly traded companies, 40% indicated that policies required modest entertainment (up from 25% in 2009). 14% allowed entertainment of \$101 or more and 7% reported their employer allowed entertainment of more than \$300.
- Gift giving tends to be calculated on a per gift or event basis (65%).
- Adult entertainment remains off limits for most respondents.
 - 68% explicitly banned strip clubs and similar venues while 1% explicitly permits them.
- Companies are keeping their policies fairly consistent. 27% report that their policies have not changed within the last three years.
- 59% thought their policies were about the same as other companies.

CONCLUSION:

- Despite the passage of Dodd-Frank, increased FCPA enforcement, and the commercial bribery provisions of the UK Bribery Act, organizations do not appear to be rushing to tighten up their policies on entertainment and gifts. Most likely feel that restrictions are already tough enough.
- Difficulties in selling high-end Olympic tickets may be due to tighter-than-anticipated corporate entertainment policies.
- Public companies are much less restrictive even with these concerns over financial integrity of public companies.
- Calculating gift and entertainment limits on a per event basis may prove to be risky. Even if each gift or event is modest, over the course of a year, the total value may prove to be considerable and catch the attention of regulators and stakeholders.

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