Does Higher Education Make the Grade in Institution-wide Ethics and Compliance Programs?

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OBJECTIVE:

This was a first-of-its-kind national survey to examine the state of institution-wide ethics and compliance programs at four-year colleges and universities.

METHODS USED:

A confidential web-based survey was developed and sent to 2,399 college and university presidents and chancellors. 466 responded back, a 19.4% response rate. 32% of the respondents were public institutions. With respect to student body size, 70% of respondents had 5,000 or fewer students and 28% of those institutions had fewer than 1,000 students. 10% of the respondents had between 5,001 – 10,000 students, 13% had between 10,001 – 20,000 and 6% had more than 20,000 students.

The survey attempted to find out about such things as: Whether a college/university had an E&C program, for how long has such a program existed and the reasons behind starting such a program, towards what target audience was such a program created and whether they have a specific E&C officer overseeing the program.

KEY FINDINGS:

- Only 43% of the respondents had an institution-wide ethics and compliance (E&C) program. 79% thought that they should have an E&C program. 17% of campuses that do not currently have a program have begun to develop one.
- 48% of those with a program had one for 6 or more years. 31% had established their programs 11 or more years ago.
- Most colleges (80%) developed their program because it was the "right thing to do." Other reasons included a state statute, a corporate integrity agreement, a government investigation, an adverse event, a board mandate or a religious mission.
- Such compliance programs are largely applicable to Staff (88%), Faculty (85%), Trustees (65%) and Students (60%).
- 36% of the colleges with a program did not think the Sarbanes-Oxley Act affected their business practices. 32% did not know if it affected their business practices.
- 77% of those with a program have an audit committee composed of board members. 86% of these audit committees oversee accounting and financial reporting practices. 80% of these audit committees have at least one member with financial expertise.
- More than half (56%) of institutions with a program have an ethics or compliance officer. However, Less than half (42%) have an ethics or compliance committee.
- Ethics and compliance committees were predominantly composed of senior administrators (76%) and faculty (75%). 27% included students.

- 31% of these committees convened one to three times a year. 24% met four to six times a year. Another 31% met seven or more times a year.
- 92% of those with a program have a written statement of the institution's core principles or values. 91% have a code of ethics or conduct.
- 50% of those with a code of ethics communicated it through training while 78% communicated it through faculty and employee handbooks. 27% do so through mailings.
- 60% of those with a program offer training on ethics. 83% of all respondents feel that they should have E&C training.
- Of the colleges that offer E&C training, 72% mandate that training.
- Other avenues used by universities to communicate E&C matters include the Internet (78%), Brochures (33%) and Newsletters (30%).
- Only a third of those with an institution-wide program had a helpline/hotline for reporting misconduct or seeking advice.
- 80% of those with a program monitor E&C issues. 89% of all respondents thought they should monitor E&C issues.

CONCLUSION:

Apparently, higher education has made substantial inroads in developing and managing ethics and compliance programs. Almost a fifth of respondents who don't have a program are developing one. A substantial number of respondents who don't have a compliance program right now believe they should have one.

LINKS:

Center for Business Ethics
Full Document of the Survey