convercent®

Board of Directors FAQs

45 Questions Your Board Can (and Should) Ask About the Compliance Program

When fielding board questions on compliance, there's no better defense than an effective offense.

Widely publicized compliance failures, along with increased scrutiny from regulators and enforcement agencies, has prompted board members to take a more active interest in the health of their companies' compliance programs.

Surveys indicate that organizations are increasing the frequency of the board's compliance and ethics program updates, with about half of organizations updating the board at least quarterly. However, even with quarterly presentations, there's still the issue of delivering an incredible amount of critical information in a relatively small window. It's only natural that board members may be inclined to prompt for more details or context on the information presented about the compliance program.

But just like a hotline that receives no reports, a board presentation that doesn't raise questions isn't necessarily an indication of a job well done. Instead, it could be a signal that more education is needed to increase awareness of and comfort with these important issues.

Like a hotline that receives no reports, a board presentation that doesn't raise questions isn't necessarily an indication of a job well done.

Good questions from the board, whose involvement is critical to compliance success, can indicate that the board is interested and engaged in the organization's ethics and compliance program, invested in its effectiveness and, hopefully, cognizant of the important role it plays in the sustainable success of a business.

If the questions don't come from the board—maybe you don't have a board of directors, don't formally report to them or their focus is elsewhere—there's still an opportunity to use the question set as a starting point for program assessment and benchmarking activities to help validate your program's robustness, health and defensibility.

To increase the likelihood of a constructive and meaningful dialogue with the board, directors should know what they're looking for and why they're looking for it, and it's up to the compliance officer (or whomever is delivering the report) to be prepared with candid responses backed by irrefutable, accessible data.

To help facilitate an effective and open dialogue between the board and the CCO, Convercent has compiled a list of questions that the board can (and should) reasonably expect their CCO to be able to answer in order to establish, communicate and defend the effectiveness of their program.

45 Questions Your Board Can (and Should) Ask

PROGRAM OVERVIEW

1. Are we satisfying the requirements for an effective program set forth by the Federal Sentencing Guidelines?

2. How is the health (trends, gaps and challenges) of our compliance program?

3. What's our program plan for the next quarter? The next year? The next three years?

RISK

4. What are our current high-risk areas and how are we addressing them?

5. How recently have we undergone a compliance risk assessment? What were the results?

6. What policies, procedures and internal controls are in place to address high priority risk areas?

7. Do our policies, procedures and controls cover our global operations, including business partners, vendors, subcontractors and third parties?

8. Have there been any changes to the regulatory landscape that have altered our risk profile? How are we addressing those?

9. What changes to our risk profile can we anticipate, and are we prepared to address them?

WRITTEN STANDARDS

10. Is the code, along with other important written standards, distributed to all relevant parties? Arethere records of the distribution and attestation?

11. Are these policies easily accessible to employees? Is our code posted on our public website?

12. When was the last time we reviewed and/or refreshed our code, policies and procedures?

13. Is the language and tone appropriate for our entire employee population? Does it contain learningaids (e.g., FAQs)?

TRAINING & COMMUNICATIONS

14. Are we adequately communicating and training on our policies and procedures?

15. What training are we leveraging, and which audiences are receiving what type of training? Are there records of the training and communications employees have received?

16. Are we training our executives? Our board?

17. How do we know that our training is effective?

18. Do we have an ongoing communication plan to continually reinforce the organization's commitment to ethics and compliance?

REPORTING & RESPONSE

19. Is there an effective and accessible reporting mechanism in place? What about an anonymous reporting channel? Do employees use it?

20. What do we do with reports made in person to managers? Are our managers trained on handling reports? Have we verified that they're comfortable managing these reports?

21. What are we doing to encourage employees to come forward with reports of misconduct? How are we communicating our commitment to non-retaliation?

22. How are we reviewing and responding to misconduct? Do our responses adequately discourage misconduct? Do we follow up with reporting parties on issue progress and resolutions?

23. Are we documenting and reconciling misconduct reports across all channels? Do we maintain records of the investigation and response?

24. How do we ensure our responses and applied sanctions are consistent?

25. Do we understand the conditions and behaviors that drive misconduct (missing or insufficient controls, pressure to perform, rationalization, etc.)? How do we address issues at their root cause?

AUDITING & MONITORING

26. What reporting, monitoring and audit processes are in place to assess program effectiveness?

27. Does our audit committee validate the effectiveness of our program?

BENCHMARKING

28. How do this year's results measure against historical performance? What do you attribute any differences to?

29. How does our program compare to our peers' programs? How does it stand up to industry best practices?

CULTURE

30. Does our culture support compliant and ethical decision-making?

31. Do we have culture surveys that validate the effectiveness of our program?

32. Does our tone at the top support a culture of compliance as an integral part of our success as a business? Is management committed to and knowledgeable about the compliance program?

33. How are we leveraging our middle managers to communicate and enforce a culture of compliance?

34. Do our incentive programs promote a long-term culture of compliance rather than short-term gains?

DEFENSIBILITY

35. Are we conducting periodic program reviews?

36. Has our program been validated by an independent third party?

37. How accessible and readily available is detailed program data (incident reports, attestations, etc.) in the event we come under legal or regulatory scrutiny?

OPEN COMMUNICATION

38. Do you have the resources, authority, independence and access you need to be effective in your role?

39. What keeps you up at night?

BOARD'S ROLE

40. Who is delivering the compliance program report? If the CCO or other executive, does this person have day-to-day operational responsibility for the program?

41. How often does this person report to the board? Do they have direct access to the board outside of that formal report to raise critical issues?

42. Does this person deliver their report to the compliance/audit committee or the board at large? If the former, what is the role of the compliance/audit committee? What skill sets does the compliance/audit committee require? And how long should directors serve on the committee?

43. Have we documented the reporting structure and content of the reports in the charter and board meeting minutes, respectively?

44. How visible is board support for the company's compliance initiatives and culture? How can the board be more involved in promoting a culture of compliance?

45. Is the board trained on the company's code and other risk areas pertinent to their role (e.g., conflicts of interest)?

Learn More About How the Convercent Solution can Help Answer These Questions.

Convercent's risk-based global compliance solution enables the design, implementation and measurement of an effective compliance program. Delivering an intuitive user experience with actionable executive reporting, Convercent integrates the management of corporate compliance risks, cases, disclosures, training and policies. With over 600 hundred customers in more than 140 countries—including Microsoft, Four Seasons Hotels and Resorts, Capgemini and Under Armour—Convercent's award-winning GRC solution safeguards the financial and reputational health of your company. Backed by Azure Capital, Sapphire Ventures (formerly SAP Ventures), Mantucket Capital and Rho Capital Partners, and with offices in Denver, Colorado and London, England, Convercent will revolutionize your company's compliance program.

Learn More at convercent.com or **CLICK HERE** for a demo request.