Compliance and Ethics Officer Positioning: A Benchmarking Study

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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).