
*Society of Corporate Compliance & Ethics*
December 2008

**Executive Summary (taken directly from survey results):**

The survey was conducted by the Society for Corporate Compliance and Ethics, and was launched on July 15, 2008 to a target audience composed of members of the Society for Corporate Compliance and Ethics and the Health Care Compliance Association.

This 2008 benchmarking survey of 23 questions pertaining to financial disclosures was answered by 62 respondents. The majority of respondents had hands-on responsibilities for financial disclosure or compliance questionnaires in their organizations. Over 58 different types of organizations were represented from small organizations of less than 200 employees to those with more than 50,000 employees. Governments at the federal, state, and local level have been practicing financial disclosure for senior officials and key employees for over 30 years. In addition to the government sector, other types of organizations and businesses have in recent years begun using financial disclosure and or the compliance questionnaire to manage conflicts of interest. The compliance questionnaire shares the same purpose as the financial disclosure questionnaire, which is to discover if a key executive or employee has a conflict of interest or has engaged in outside activities, either commercial or civic, that may create a conflict of interest between the employee and that of his or her employing organization.

Organizations manage conflicts of interest by using financial disclosure or compliance questionnaires. Almost one-half of the organizations (47%) use financial disclosure. Slightly over half of the organizations (53%) use compliance questionnaires. Ninety four percent of organizations require employees to either certify that there is no conflict of interest, or notify their employer when there is a conflict of interest.

**Covered Individuals & Transactions:**

Respondents were asked to identify the primary groups covered by their financial disclosure or compliance questionnaires. The largest groups covered by either financial disclosures or compliance questionnaires are:

- Board of Directors-89%
- Corporate Executives-84%
- Key Employees-77%
- All Employees-43%

Survey participants were provided a diverse array of options to select regarding transactions covered by their disclosures and questionnaires. The items required to be reported with greatest frequency are outside income and assets used in an outside business. The primary threshold for these disclosures is less than USD $1,000.
Data Review:
Most organizations review data from financial disclosure and compliance questionnaires. The majority (54%) of organizations review 100% of financial disclosure reports. A smaller percentage, 34%, selects samples for review. An overwhelming 80% of respondents interview and conduct desk reviews of the responses received. Organizations generally use their own associates to conduct these reviews (69%).

Benefits of Conflict of Interest Policy:
Organizations were asked about the benefits of implementing a Conflict of Interest (COI) Policy. Most organizations found it helpful to:

- Supplements to income-63%
- Outside income from sources external to the job-58%
- Assets used in trade or business-44%
- Stock options-47%
- Sale of property used in a trade or business-47%
- Employee asked to disengage from outside activity-84%
- Employee removed from an activity or divest their interest-60%
- Employee prohibited from making an investment-21%

Seventy percent of respondents stated their organization would benefit if they had more resources available for conflict of interest reviews. Increased resources would result in a faster data review, increased amount of questionnaires reviewed, and faster reporting. Organizations use financial disclosures and compliance questionnaires associated with financial conflicts of interest as a measure of protection. Considering the low financial threshold for reporting and the high percentage of extensive reviews conducted, we see organizations take financial conflicts of interest very seriously and work to combat even the appearance of impropriety through their financial disclosures and conflict of interest policies.

Full Report