2016
Compliance Effectiveness Survey

September 2016

A survey by the Society of Corporate Compliance and Ethics® and the Health Care Compliance Association®

SCCE

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Introduction

For any compliance program, a critical measure of success is its ability to prevent incidents from occurring. Determining how many events are avoided is difficult, though. Employees rarely come forward to report, "I was about to commit a felony and then remembered that compliance training I received."
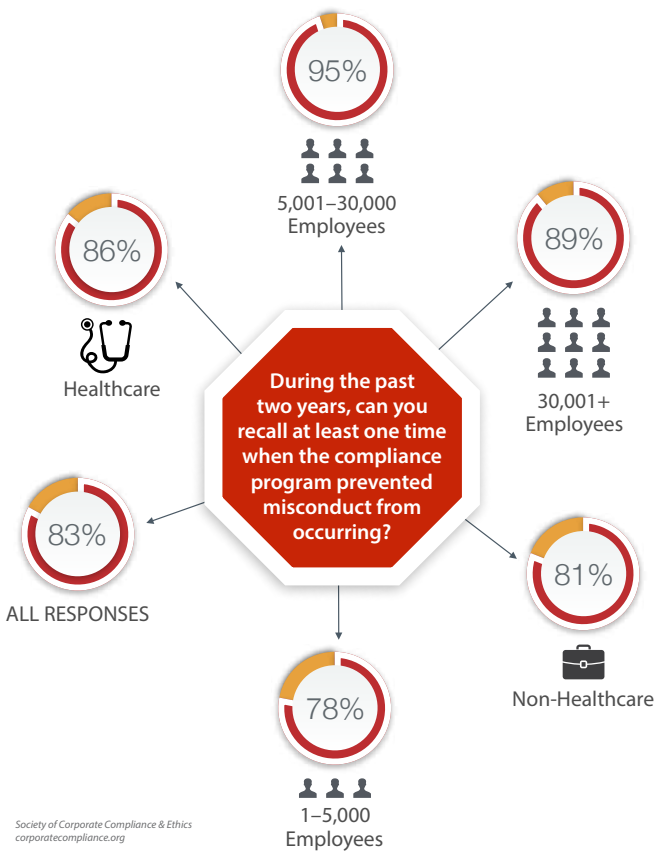
Yet, near misses do occur and can provide proof of a compliance program's effectiveness. To gain a better understanding of the effectiveness of compliance programs at preventing problems, in the third quarter of 2016 the Society of Corporate Compliance and Ethics and the Health Care Compliance Association jointly fielded a survey of compliance and ethics professionals.

Executive Overview

Seeing the impact of a compliance program requires a long-term point of view. Expecting a rush of reports of potential issues immediately after compliance training, for example, is probably not realistic. However, over time the vast majority of compliance programs are finding that they are regularly not just managing compliance incidents, they are preventing them. Of course, the number of instances compliance professionals are familiar with is in addition to the likely much broader number of employees who avoided even coming near a violation because of the impact of the program; that is an important number, but one we may never know. But this report does at least shed some light on how compliance and ethics programs achieve quiet results.

Key Findings

- **The vast majority (83%) of compliance professionals surveyed reported that their program had prevented one or more incidents in the last two years.** Not surprisingly compliance officers from larger organizations (with more employees and more possibilities for failures), were more likely to indicate awareness that an incident had been avoided. Interestingly healthcare compliance professionals were slightly more likely to say an incident had been prevented than those from outside healthcare (86% vs. 81%).

95%
5,001–30,000
Employees

86%
Healthcare

89%
30,001+
Employees

During the past two years, can you recall at least one time when the compliance program prevented misconduct from occurring?

83%
ALL RESPONSES

81%
Non-Healthcare

78%
1–5,000
Employees

- **Overall, the number of incidents reported to have been prevented was in the 1–10 range.** 46% reported having prevented five incidents or less, with another 22% reporting that 6–10 incidents have been prevented in the last two years.

- **Not surprisingly, larger organizations reported preventing more incidents than others.** While 72% of small organizations (5,000 employees or less) reported preventing 10 incidents or less, 48% of organizations of 30,000 or more reported having prevented 11+ incidents, and 12% reported preventing over 100 incidents.
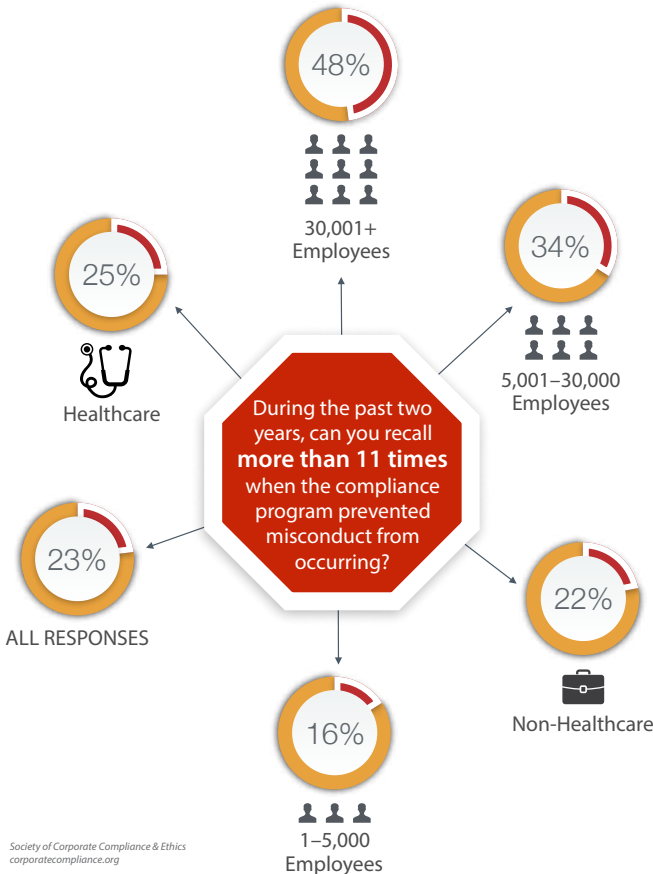
48%
30,001+ Employees

34%
5,001–30,000 Employees

25%
Healthcare

During the past two years, can you recall **more than 11 times** when the compliance program prevented misconduct from occurring?

23%
ALL RESPONSES

22%
Non-Healthcare

16%
1–5,000 Employees

During the past two years, can you recall at least one time when the compliance program prevented misconduct from occurring?

If yes, please estimate the number of times this happened over the last two years:

	ALL RESPONSES	Healthcare	Non-Healthcare	1–5,000 Employees	5,001–30,000 Employees	30,001+ Employees
0	9%	7%	10%	12%	2%	6%
1–5	46%	43%	49%	49%	46%	21%
6–10	22%	26%	18%	23%	18%	26%
11–20	10%	12%	9%	9%	14%	12%
21–50	6%	5%	7%	3%	8%	21%
51–100	3%	3%	3%	3%	4%	3%
101+	4%	5%	3%	1%	8%	12%

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- **Compliance training drives inquiries or reports of wrongdoing over time.** Overall 82% of compliance professionals surve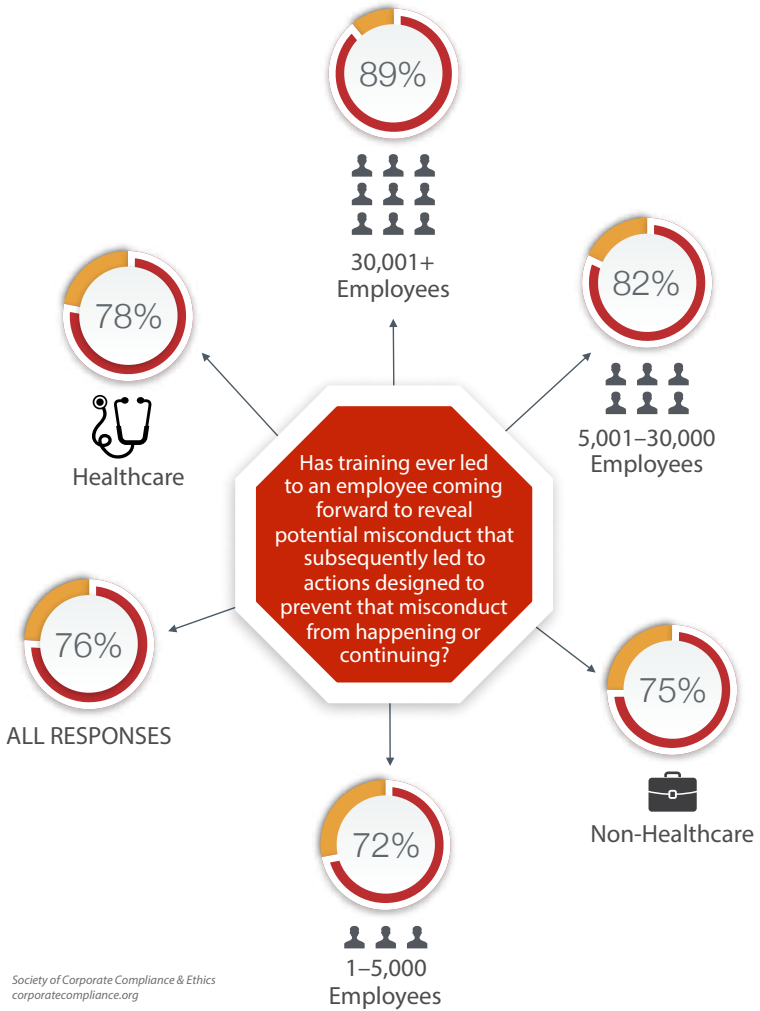yed said that training led to some increase in inquiries and reports about the topic. In addition, 76% report that training has resulted in an employee report that led to action that prevented or stopped wrongdoing. It is especially true of larger organization (30,001+ employees), where 89% of respondents said there had been a report of wrongdoing as a result of training.

After giving training on a compliance topic, what typically happens to the number of inquiries and reports about that compliance topic?

A large increase in the number of inquiries and reports

A slight increase in the number of inquiries and reports

	A large increase	A slight increase
ALL RESPONSES	14%	68%
Healthcare	14%	68%
Non-Healthcare	14%	68%
1–5,000 Employees	12%	66%
5,001–30,000 Employees	18%	70%
30,001+ Employees	16%	76%

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89%

30,001+ Employees

82%

5,001–30,000 Employees

78%

Healthcare

Has training ever led to an employee coming forward to reveal potential misconduct that subsequently led to actions designed to prevent that misconduct from happening or continuing?

75%

Non-Healthcare

76%

ALL RESPONSES

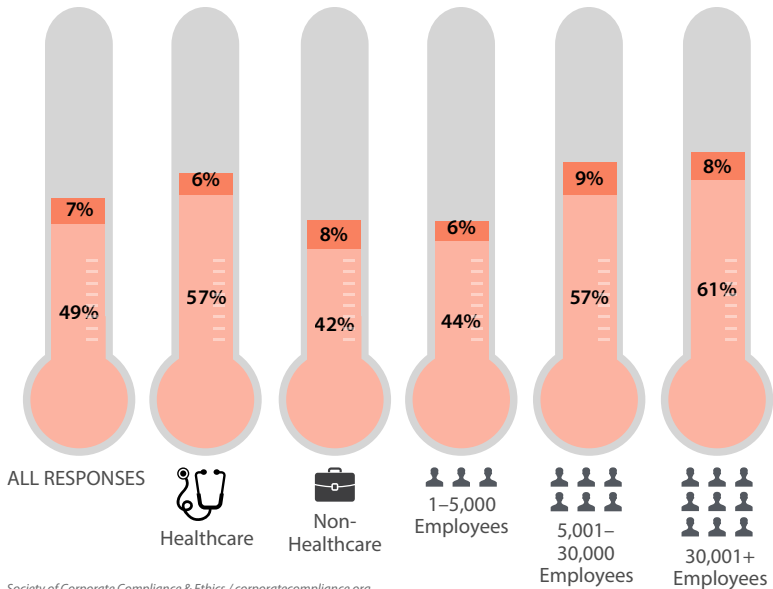**72%**

1–5,000 Employees

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- **Overall, 56% of respondents indicated that compliance audits had revealed wrongdoing at least some of the time.** However, for larger organizations the numbers were much higher at 69%. Of course, this would not include program and process gaps discovered as a result of compliance audits, nor would it address possible deterrence effects from conducting audits.

How often do your compliance audits reveal misconduct?

 Some of the time **A great deal** of the time

7%	6%	8%	6%	9%	8%
49%	57%	42%	44%	57%	61%

ALL RESPONSES | Healthcare | Non-Healthcare | 1–5,000 Employees | 5,001–30,000 Employees | 30,001+ Employees

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Conclusions/Implications

- **One of the challenging questions in our field is how to measure the impact of compliance and ethics programs.** How does one measure whether something that could have happened did not? Reports by compliance and ethics professionals doing this day-to-day work offer an important insight on this point. Although this report is narrow, covering only potential violations that professionals responding to this survey were aware of in their companies, it nevertheless shows that programs have a significant impact.

- **Further research is needed on the impact of compliance audits.** Is the important issue the number of potential or actual violations discovered, or areas where program and process improvements were found to be needed, or is there a more important deterrent impact from the fact that audits are conducted? Further research could aid in developing this point further.

- **The data show that over time compliance programs deliver solid results.** They prevent a significant number of incidents that are reported internally, and are likely the tip of a much larger iceberg. It must be remembered that the known, reported incidents are only a segment of the number of actual incidents. Employees don't typically report on the wrongdoing that they were about to commit but chose not to after receiving training or having other interaction with the compliance program.

- **The strength of compliance programs is particularly clear when compared to the number of prosecutions.** 83% of compliance professionals surveyed reported that their program prevented misconduct at least once in the last two year, with 46% saying that their program had done so six or more times. If those numbers are extrapolated across industry, it's a very large quantity of problems prevented and far exceeds the number of incidents caught by the enforcement community. This demonstrates both the effectiveness of compliance programs and the value that they are providing to both the entities in which they work and for ensuring the integrity of the economy. It's an accomplishment that is, unfortunately, rarely recognized.

Methodology

Survey responses were solicited and collected during the third quarter of 2016 from compliance and ethics professionals in the database of the Health Care Compliance Association and the Society of Corporate Compliance and Ethics. Responses were collected and analyzed using SurveyGizmo, a web-based third-party solution.