

Compliance & Ethics Professional

December
2014



A PUBLICATION OF THE SOCIETY OF CORPORATE COMPLIANCE AND ETHICS

www.corporatecompliance.org



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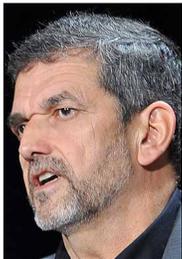
Compliance expertise on your Board?

Please don't hesitate to call me about anything any time.

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Snell

An emerging best practice is to have compliance expertise on the Board. The enforcement community is tired of organizations paying fines/penalties and considering it a part of doing business. The press, public, politicians, and prosecutors are calling for individuals to be held accountable for recent regulatory missteps. They are suggesting board members be held accountable because they believe that regulatory compliance should be a major responsibility of the governing body. Society believes individuals (not necessarily companies) commit fraud, and that those individuals should be held accountable. Society also believes that leadership is culpable, because leadership didn't prevent the individuals from committing the fraud.

Having compliance expertise on the Board just makes sense. It sends a message to those who may have to determine what kind of message to send you, in the form of fines and penalties. However, the problem I see is that leadership doesn't understand what compliance expertise is.

If you ask most companies if they have compliance expertise on their Board, most would say yes. When asked who the compliance expert is, they typically point to a lawyer, auditor, risk manager, or an ethicist. None of these professions are automatically

compliance experts. All lawyers have different specialties. You would not have a tax attorney negotiate a bribery settlement. Likewise you would not have just any lawyer provide compliance expertise.

What the government is looking for is not generic compliance expertise. They are looking for compliance program management expertise. Ethicists help build ethical cultures, but if they have never held the job of a compliance officer, it's difficult to hold them out as compliance experts. The same is true for risk managers and auditors. Law, ethics, risk, and audit are all elements of a compliance program, but experience in those professions is not enough to claim expertise in the Compliance profession as a whole.

Well intentioned leaders are committed to compliance, and they want to set themselves apart. I tell them a best practice is to put someone with compliance experience on the Board. They respond they have it. They point to an individual with no education or job experience in the Compliance profession. The enforcement community knows what a compliance officer and a compliance program are. You simply can't convince an enforcement official, or any other knowledgeable individual for that matter, that you have compliance expertise on your Board if no one on your board has ever held the position of a compliance officer. *