2018 Ethics & Compliance Policy & Procedure Management Benchmark Report

Data and Insights to Put to Work in Your Program Today
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INTRODUCTION

In 2018, NAVEX Global partnered with an independent research firm to survey professionals from a wide range of industries about their approach to building an effective ethics and compliance (E&C) program.

The results of the survey represent over 1,200 respondents globally who influence or manage their organization’s ethics and compliance program. This report includes responses from this larger pool as well as detailed responses from the 757 who are actively managing or influencing the policy and procedure function within their organization.

This report provides insights to questions such as:

- What are organizations doing to address policy management today?
- What are top policy management challenges?
- In what areas of policy management are organizations excelling or struggling?
- What approaches are organizations taking toward automating policy management?
- Are organizations satisfied with their current approach to policy management?
- How will policy management programs evolve?

How to Use This Report

Use the insights presented in this report for the inspiration, justification and direction necessary to make key decisions about the future of your organization’s policy management approach.

- Determine whether your policy management practices are protecting your organization – or putting it at risk
- Benchmark your policy management program against industry best practices
- Leverage our data, analysis and recommendations to improve your program’s effectiveness

What Is Policy & Procedure Management?

Simply put, policy management consists of the practices associated with managing your organization’s policies or procedures throughout all the policy life cycle stages – including drafting, editing, approving, updating, distributing, storing and documenting policies. Policy management software (or a policy management system) refers to the technology that enables more efficient management and execution of those practices.
While we refer to policy management throughout this report, we recognize that many organizations manage more than just policies within their policy management system. Policy management may include responsibility for codes of conduct, standard operating procedures and other documents.
### Geographical Footprint

<table>
<thead>
<tr>
<th>Geographical Footprint</th>
<th>Headquarters</th>
<th>Other Locations</th>
<th>Third Parties</th>
</tr>
</thead>
<tbody>
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<td>North America</td>
<td>74%</td>
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<td>18%</td>
</tr>
<tr>
<td>South America</td>
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<td>19%</td>
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<td>Central America</td>
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</tr>
<tr>
<td>Caribbean</td>
<td>1%</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Note: Totals may be over 100% due to multiple selection options. Due to space constraints, only the top three geographies in each category were illustrated.*

### Industries (Percentage of Respondents)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>21</td>
</tr>
<tr>
<td>Healthcare / Social Assistance</td>
<td>12</td>
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<tr>
<td>Finance / Insurance</td>
<td>12</td>
</tr>
<tr>
<td>Educational Services</td>
<td>7</td>
</tr>
<tr>
<td>Transportation / Distribution / Logistics / Warehousing</td>
<td>6</td>
</tr>
<tr>
<td>Non-Profit / Government / Social Services / NGO</td>
<td>5</td>
</tr>
<tr>
<td>Professional, Scientific, Technical Services</td>
<td>5</td>
</tr>
<tr>
<td>Public Administration</td>
<td>4</td>
</tr>
<tr>
<td>Utilities</td>
<td>4</td>
</tr>
<tr>
<td>Mining, Quarrying and Oil / Gas Extraction</td>
<td>3</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>3</td>
</tr>
<tr>
<td>Construction</td>
<td>2</td>
</tr>
<tr>
<td>Leisure, Hospitality, Recreation, A&amp;E</td>
<td>2</td>
</tr>
<tr>
<td>Technology / Software</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>16</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Policies and procedures create the backbone of an organization’s compliance program. They ensure employees understand how to implement critical tasks and meet behavior expectations. Recently, regulators have made clear the need for effective policy development and management programs. It is no longer sufficient to merely document the existence of policies and procedures. Organizations must be able to demonstrate that employees know and understand them.

In 2017, the U.S. Department of Justice released the *Evaluation of Corporate Compliance Programs*, offering several suggestions for organizations to best prepare their policy management program for a potential future audit. This includes connecting policies to metrics of prohibiting misconduct and revising policies as needed. It also involves cross-functional collaboration prior to rolling out policies corporate-wide. Finally, organizations must ensure easy access to critical policies and procedures to all relevant employees and third parties.

In this report, we look at how organizations are addressing policy and procedure management as part of a comprehensive ethics and compliance program, with a particular focus on the adoption of automated solutions to make managing these programs more thorough and efficient.

Several themes emerged from this year’s analysis:

**Increasing awareness of policies across the organization is the top priority for E&C programs over the next 12 months.** Simply developing and publishing policies is no longer sufficient in the eyes of regulators. Organizations must also bear the burden of proof that employees have attested to key policies when the inevitable audit happens or the unthinkable compliance failure occurs. We found a promising indication that programs are on the right track with 89 percent of organizations having invested in a code of conduct and 85 percent having developed policies designed to reduce misconduct.
Few are measuring the performance of policy programs. Nearly all respondents (86%) require employees to attest they received and read a policy or procedure, and almost half (48%) require annual re-certification. Yet only 15 percent used metrics for testing employees on comprehension within their policy software, and nearly one-third of respondents do not measure the effectiveness at all. Developing measurement programs and monitoring performance will be an increasingly critical aspect to gaining executive-level buy in and meeting regulatory expectations. However, with four out of five respondents expecting their budget to remain constant or even decrease over the next year, this will be challenging.

Surprisingly, the board acts as a decision maker on policy management programs in more than one-third of the responding organizations. Smaller organizations are most likely to indicate that their board has decision making responsibility. When it comes to engaging with the board, organizations should be regularly reporting on their compliance program content and operations. Regulatory guidance requires boards to have knowledge and oversight of an organization’s program. That said, in general, decision-making authority should be with management and the board should be an influencer/advisor. Exceptions should only be made for making decisions on the code of conduct and other policies addressing very high-risk areas.

Those in highly regulated industries are increasingly moving to automated policy management systems. Managing complex policy and procedure programs that ensure organization compliance in an audit-ready fashion requires considerable time and effort. Leading organizations are turning to automated policy management systems and best-practice procedures to address this challenge. These more advanced programs improve collaboration, increase operational efficiency, establish consistent version control, provide employee accessibility, measure performance and deliver considerable savings on administrative overhead.

Automated policy management systems deliver high ROI. Although adoption of automated systems is greater among companies in highly regulated industries, organizations in virtually any business sector can benefit from automation. Respondents consider expense – both headcount and a lack of budget – to be the top reason for non-adoptions of an automated process. But closer analysis of organizations that have implemented an automated system indicate increased operational efficiencies that outweigh the expense. Moreover, the majority of organizations using an automated approach note improvements in cross-functional collaboration, document accessibility and policy quality.
KEY FINDINGS
Ethics & Compliance
Budgets & Full Time Employees (FTEs)

Findings: For all survey respondents:

- Over half (56%) of respondents expect their policy management budget to remain constant in the next year. Not surprisingly,

 overall budgets increase with the size of the organization, with nearly a third (31%) of large organizations having an E&C budget that exceeds $500,000.

- Headcount data varies significantly by the size of the organization, with 40 percent of large organizations reporting 11 or more FTEs.

What Is Your Dedicated Annual Budget for Ethics & Compliance (E&C), not Including Employee Salaries (In U.S. Dollars)?

Base: All respondents, n=1020.
**Analysis:** Resources for any department are always limited and requests for increases require a strong business case. Policy management systems in particular can bring together cross-functional teams – such as HR, IT and Legal. This not only alleviates budget pressure, but also sets up policy review cycles with multiple departments to provide a “single source of truth” on important policies, procedures, disclosures and more. It is encouraging that most organizations are not anticipating a decrease in available resources.

With headcount limitations, the return on investment for automated solutions can have a significant impact on improving efficiencies, establishing consistent version control and audit trails and freeing up valuable human resources for less manual tasks.

**How Many Full Time Employees (FTEs) or Equivalent Are Assigned to Your E&C Program?**

![Bar chart showing the distribution of FTEs assigned to E&C programs across different organizations and employee sizes.](chart.png)

*Base: All respondents, n=1261.*
How Do You Expect Your Ethics & Compliance Budget to Change in the Next 12 Months?

- **Stay the Same Within 10%**: 56%  
- **Increase 11-20%**: 12%  
- **Increase More than 20%**: 7%  
- **Decrease 11-20%**: 8%  
- **Decrease More than 20%**: 1%  
- **Don’t Know**: 28%

*Base: All respondents, n=1,264.*
Elements of E&C Programs

Findings: For those respondents who have policy management as part of their responsibilities:

- Most ethics and compliance programs include a code of conduct (89%); effective policies and procedures which both prohibit and reduce misconduct (85%); and role-relevant, risk-based training (71%).

- Top E&C concerns include (1) ethics and code of conduct issues; (2) cyber security and (3) procedure management and control.

Larger organizations (over 5,000 employees) are more concerned than smaller ones (less than 500 employees) with cyber security and data privacy (54% vs. 39%), and speaking up and retaliation (25% vs. 13%).

Smaller organizations indicate that procedure management/quality control is more of a priority than larger organizations (37% vs. 15%).

Does Your E&C Program Include the Following Elements?

Organizations that use an automated policy management system are more likely to indicate that they have a dedicated compliance officer (63% vs. 47% of organizations not using automated software). They are also more likely to conduct a periodic assessment of their risk profile and program (67% vs. 57%), have anonymous hotline reporting with consistent investigations (75% vs. 63%) and employ a risk-based due diligence approach for third parties (51% vs. 39%).

Which of the Following E&C Topics Are Top Concerns in Your Organization?

- Ethics and Code of Conduct: 46%
- Cyber Security and Data Privacy: 45%
- Procedure Management / Quality Control: 28%
- Conflicts of Interest: 27%
- Anti-Bribery and Corruption / Fraud: 20%
- Workplace Harassment: 20%
- Speaking Up and Retaliation: 18%
- Diversity and Discrimination: 16%
- Social / Environmental Responsibility: 14%
- Intellectual Property and Asset Protection: 12%
- Financial Integrity and Insider Trading: 8%
- Wage and Hour Violations: 7%
- Political Exposure and Risks: 7%
- Workplace Violence: 7%
- Anti-Money Laundering: 7%

Analysis: For those respondents who have policy management as part of their responsibilities:

- Codes of conduct and effective policies, including policies against retaliation, are top elements in the programs surveyed. Regulatory guidance documents, including guidance from the Department of Justice (DOJ), highlight the need for risk-based policies and procedures as foundational documents for defining expected behaviors to all employees.

- It is notable, but not surprising, that concerns relating to cyber security and data privacy have surpassed anti-bribery and corruption, conflicts of interest and workplace harassment. These changes in priorities also demonstrate the necessity for ongoing review of policies to reflect changes in the organization’s risk profile.
E&C Activities Prioritized Over the Next 12 Months

Findings: For all survey respondents:
- Increasing awareness of policies and regulations across the organization is the highest priority of all respondents, not just those who indicated that they have policy management as part of their responsibilities (50%). This is followed by improving or increasing ethics and compliance training activities (40%).

- Organizations that are not using automated policy management software are more likely to indicate that they will be prioritizing awareness of their policies and regulations across the organization (53% vs. 44% of those using an automated system).

- Internal reporting mechanisms that could be used to report policy violations and anti-retaliation measures were low on the priority list, indicating that programs are focusing on fixing the basics and not ready to work on strategic plans.

Which of the Following E&C Activities Will Your Organization Be Prioritizing Over the Next 12 Months?

Base: All respondents, n=1,264. Multiple responses possible.
Analysis:

- These findings indicate companies are focused on communicating their messages and expectations related to ethics and compliance. This includes training and supporting supervisors in their responsibilities regarding policies.
- Organizations can improve awareness by ensuring that the policies are written in approachable language, consistently formatted and easily accessible. Automated policy management systems ensure employees can easily access the most current versions of critical policies at any time, with attestation tracking and comprehension quizzes to provide a track record on who has read and understood each policy.
E&C Program Performance

Findings: For those respondents who have policy management as part of their responsibilities:

- Many organizations rate themselves as underperforming when it comes to developing policies and tracking attestations, with 40 percent of organizations identifying themselves at or below average.

- Organizations with advanced policy management programs were more likely to rate themselves as good or excellent in every aspect of their overall E&C program, including keeping up to date with new regulations (81%), legal defensibility and governance (79%) and board reporting and engagement (77%).

Rate the Performance of Your Organization’s E&C Program in the Following Areas:

<table>
<thead>
<tr>
<th>Area</th>
<th>Poor</th>
<th>Fair</th>
<th>Average</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whistleblowing Channels (e.g., Telephone, Web Intake, Open Door)</td>
<td>8%</td>
<td>8%</td>
<td>21%</td>
<td>35%</td>
<td>28%</td>
</tr>
<tr>
<td>Managing Incident Reports and Investigations</td>
<td>6%</td>
<td>20%</td>
<td>44%</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Keeping Up to Date with New Regulations</td>
<td>6%</td>
<td>21%</td>
<td>45%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Addressing Environment, Health and Safety Issues</td>
<td>6%</td>
<td>24%</td>
<td>41%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Legal Defensibility and Governance</td>
<td>6%</td>
<td>23%</td>
<td>47%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Data Privacy and Security</td>
<td>7%</td>
<td>23%</td>
<td>44%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Board Reporting and Engagement</td>
<td>8%</td>
<td>9%</td>
<td>26%</td>
<td>37%</td>
<td>20%</td>
</tr>
<tr>
<td>Compliance Training and Awareness Efforts</td>
<td>5%</td>
<td>11%</td>
<td>25%</td>
<td>40%</td>
<td>19%</td>
</tr>
<tr>
<td>Developing Policies and Tracking Attestations</td>
<td>5%</td>
<td>9%</td>
<td>27%</td>
<td>43%</td>
<td>16%</td>
</tr>
<tr>
<td>Improving Workplace Behavior and Organizational Culture</td>
<td>7%</td>
<td>10%</td>
<td>29%</td>
<td>42%</td>
<td>12%</td>
</tr>
<tr>
<td>Measuring Compliance Program Effectiveness</td>
<td>11%</td>
<td>14%</td>
<td>28%</td>
<td>36%</td>
<td>11%</td>
</tr>
<tr>
<td>Managing Third-Party Risks</td>
<td>7%</td>
<td>13%</td>
<td>35%</td>
<td>37%</td>
<td>8%</td>
</tr>
</tbody>
</table>
Organizations that use an automated policy management system rate their performance higher when it comes to measuring program effectiveness (53% rating good or excellent vs. 41%) and board reporting and engagement (65% vs. 52%).

**Analysis:**

Effective policy management can impact every area of an E&C program, starting with the code of conduct. Effective policies keep up with new regulations, clearly outline expectations and processes, and impact behavior and ultimately the organizational culture. Further, automation improves program measurement and makes it easier to engage the board and senior leadership by providing clear metrics and program ROI.
Board & Departmental Involvement in Policy & Procedure Management

Findings: For those respondents who have policy management as part of their responsibilities:

- Policy and procedure management is shared widely across multiple departments. Human Resources, Legal and Compliance/Risk are most likely to be involved in influencing and decision making. Internal Audit, IT, Procurement and Finance are less likely to be involved in any decision making, although many organizations report that they provide input and advice.

- On average, there are two departments with decision-making responsibility for policy and procedure management, and three departments that provide input or recommendations. Organizations with more “advanced” policy management practices tend to have more departments involved (three on average) than reactive programs (one on average) and basic and mature programs (two each on average). See page 21 for more information on the maturity model.

- Compliance/Risk is most likely to be the decision maker in policy and procedure management (44%), followed by HR (39%), the board (34%) and Legal (34%).

Describe Each Department’s Involvement in the Following:

<table>
<thead>
<tr>
<th>Department</th>
<th>Decision Maker</th>
<th>Influencer / Advisor</th>
<th>No Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>15%</td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>IT</td>
<td>16%</td>
<td>48%</td>
<td>36%</td>
</tr>
<tr>
<td>Finance</td>
<td>19%</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>11%</td>
<td>56%</td>
<td>33%</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>36%</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>Compliance / Risk</td>
<td>44%</td>
<td>41%</td>
<td>15%</td>
</tr>
<tr>
<td>Legal</td>
<td>34%</td>
<td>54%</td>
<td>12%</td>
</tr>
<tr>
<td>HR</td>
<td>39%</td>
<td>50%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Larger organizations employing more than 5,000 people are more likely to indicate decision-making responsibility falls with Compliance/Risk (59%) and Legal (48%) than organizations employing fewer people.

Surprisingly, boards are the overall decision makers in more than one-third of the responding organizations (34%). Smaller organizations employing fewer than 500 people are most likely to indicate that their board has decision-making responsibility (41%).

Analysis:
- These findings demonstrate the continued need for Compliance to reach out to other functions for assistance in policy development and management. It also shows an opportunity for Compliance to expand its reach by including other and more diverse corporate functions in the process.

When multiple functions play a variety of roles in the development and approval of policies, there is the potential for complexity in the policy development process. It is important for departments to work together closely. Automation can help clarify workflows and responsibilities.

When it comes to engaging with the board, organizations should be regularly reporting on their compliance program content and operations. Regulatory guidance requires boards to have knowledge and oversight of an organization’s program. We feel the high number of organizations reporting that the board is a decision maker are misguided. In general, decision-making authority should be with management, and the board should play the role of influencer/advisor. Exceptions should only be for those policies addressing very high-risk areas and the code of conduct.
Maturity Level for Policy & Procedure Management

Note: This year we measured program maturity by the various tactics and techniques organizations employed. This is different from last year where respondents self-selected their program maturity level. We will use this maturity model throughout this report to draw attention to best practices for policy management programs.

Findings: For those respondents who have policy management as part of their responsibilities:

- A sizeable number of organizations are operating at basic or reactive levels when it comes to policy and procedure management (65%). While about one in five organizations is maturing (21%), only a small percentage (14%) can be classified at a more advanced stage.

- Smaller organizations and government or not-for-profit organizations are more likely to be classified as reactive in their policy management processes.

- An organization’s annual revenue does not appear to be strongly associated with higher levels of maturity.

- There does, however, appear to be an association between the number of employees in an organization and maturity level, with larger organizations being more mature in their formal practices than smaller organizations.

Analysis:

- Advanced programs are more proactive when it comes to creating and reviewing their policies. They leverage software tools to automate their processes and keep a centralized repository of key documents.

- Reactive programs are more likely to review policies after an issue comes up, and rely on manual processes and manpower to perform the most basic practices. This leaves them without audit trails, version control or consistent metrics to measure program effectiveness.
3: Processes for Policy Management

Policies, Procedures and Other Documents Being Managed

Findings: For those respondents who have policy management as part of their responsibilities:

- Organizations manage a wide variety of policies and procedures. The survey found that 77 percent manage 10 or more unique policies and 83 percent manage 10 or more unique procedures. Most commonly, just over a third (35%) of organizations estimate that their organization manages between 10 and 50 unique policies and 29 percent estimate that they manage a similar number of procedures.
- A quarter (23%) of the respondents are managing more than 100 policies (23%), with just over a third (35%) managing more than 100 procedures.
- Organizations in highly regulated industries are more likely to manage over 100 procedures, including healthcare (50%), finance and insurance (42%) and manufacturing (37%).

How Many Unique Policies, Procedures and/or Other Related Documents Is Your Company/Organization Managing?

Base: Policy Respondents Only, n=736.
What Types of Documents Is Your Company/Organization Managing as Part of Your Policy Management Program?

- Code of Conduct: 88%
- HR, Labor and Employment: 79%
- IT Security / Data Privacy: 78%
- Disclosures (e.g., Conflict of Interest, Gifts, Entertainment): 70%
- Safety: 68%
- Harassment: 62%
- Whistleblower: 57%
- Financial: 51%
- Anti-Bribery and Anti-Corruption: 49%
- Forms: 47%
- Social Media: 44%
- OSHA Regulations: 44%
- Certifications and Attestations: 43%
- Third Parties: 37%
- ISO Standards: 29%

Not surprisingly, smaller organizations typically have fewer policies and procedures to manage compared to larger organizations.

There is a correlation between the number of different types of documents being managed and the organization’s policy management program maturity. More mature programs are managing a greater number of document types. Reactive programs manage fewer polices (40% manage fewer than 10) than programs that are basic (21% manage fewer than 10), mature (19% manage fewer than 10) or at a more advanced level (14% manage fewer than 10).

Organizations that do not use any technology for policy management also manage fewer policies (43% manage fewer than 10) than those who are utilizing an automated system for policy management.

Organizations are managing a range of different types of documents as part of their policy management program, with nearly all managing documents pertaining to their code of conduct (88%); HR, Labor and Employment (79%); and IT Security/Data Privacy (78%).

Other types of documents managed by half or more organizations include conflict of interest disclosures, safety, harassment, whistleblower and financial documents. Only a minority of organizations indicate managing documents relating to third parties (37%) and ISO standards (29%).

**Analysis:**

- There is a wide variation in the number of policies and procedures being managed, but the four highest are codes of conduct, HR policies, IT/data security and conflicts of interest.
- Regardless of the number of policies you manage, regulators want to know how your compliance program ties into the type of conduct (risk areas) you are trying to impact. If misconduct has occurred, regulators will want to know the following:
  - Did the company's policies and procedures clearly prohibit the misconduct and were they effectively implemented?
  - Who in the organization has ownership over these policies and procedures and were they held accountable for supervisory oversight?
Policy Attestation

Findings: For those respondents who have policy management as part of their responsibilities:

- Most organizations require all employees to formally attest to one or more policies (86%, up from 69% in 2017).
- Almost half (48%) of organizations require some annual re-certification.

Analysis:

- Thirty percent require re-attestation occasionally, but the frequency varies and depends on the policy.

Do You Require All Employees to Formally Attest to One or More Policies?


How Often Are Current Employees Required to Re-Read & Re-Acknowledge Policies?

Base: Respondents whose organizations require employees to formally attest to policies, n=652.
Third-Party Attestation

**Findings:** For those respondents who have policy management as part of their responsibilities:

- Most organizations require either attestation from third parties (43%) or equivalent certifications in vendor contracts (30%). Just over one-quarter (28%) do not require any third-party attestation or equivalent certification.

- Larger organizations (more than 5,000 employees) are more likely to require attestation from third parties (53%) than organizations with fewer employees (42% of organizations with 500-5,000 employees and 36% of organizations with less than 500 employees require third-party attestation).

**Analysis:**

- With well over 70 percent requiring some form of attestation or certification, respondents recognize the importance of this step. Yet almost one-third (28%) of respondents do not require third-party attestation or certification. This is an opportunity to review these practices for organizations who have third parties acting on their behalf.
**Top Three Policy Management Challenges**

**Findings:** For those respondents who have policy management as part of their responsibilities:

- Organizations share a range of policy management challenges, with training employees on policies indicated as the top challenge by about half of organizations (49%).

- Aligning policies with new and changing regulations is a top challenge for over a third of organizations (35%).

- Just over one quarter (27%) of organizations are also challenged in improving version control, reducing policy redundancy and inaccuracy.

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**What Are Your Top Three Policy Management Challenges?**

- Training Employees on Policies: 49%
- Aligning Policies with New and Changing Regulations: 35%
- Improving Version Control, Reducing Policy Redundancy and Inaccuracy: 27%
- Creating and Updating Documents Easily: 25%
- Providing Quick and Easy Access to the Most Current Policies and Procedures: 22%
- Records Management: 17%
- Getting Employees to Sign Policies in a Timely Manner: 16%
- Distributing New Policies Quickly to Employees and/or Third Parties: 15%
- Creating Audit Trails and Tracking Completions: 12%
- Customizing Policies Across Languages and Regions: 11%
- Managing and Updating Translated Versions: 9%
- Connecting Policies to a Case/Incident Management System: 7%
- Other: 4%

Customizing policies across languages and regions is more of a challenge for larger organizations with over 5,000 employees (20% indicate this is a top challenge vs. 12% of organizations with 500-5,000 employees and 5% for organizations with less than 500 employees). This was also more of a challenge for organizations with higher annual revenue (indicated by 20% with annual revenue of $1B USD or more vs. 13% with revenue between $50M and $999M, and 5% of organizations with less than $50M in annual revenue).

Organizations with less than $50M in annual revenue are more likely to find records management a top challenge (22% vs. 14% with revenue between $50M and $999M and 13% with annual revenue of $1B USD or more). Records management was less challenging for organizations with advanced programs (6% vs. 18% of reactive programs, 20% of basic programs, and 16% of mature programs), most likely because they have some form of automation.

Improving version control and reducing policy redundancy and inaccuracy is more of a challenge among organizations with more than 5,000 employees (33%), and less so for ones with fewer than 500 employees (24%).

Analysis:

Overall, it is not surprising that training employees on policies is the top challenge. This challenge is usually attributed to the inability to deploy quality training or to the limitations on “seat time” that may be imposed by the organization. This further highlights the need for organizations to create clearly written policies that are easy for employees to locate in “real time” when they need them with the assurance that they are viewing the most recent version.
Policy Management Performance Ratings

Findings: For those respondents who have policy management as part of their responsibilities:

- Performance appears to be fairly consistent across all policy management related tasks, with no set of tasks standing out as being performed either exceptionally well or poorly. Top performance areas include policy quality and access (58% and 53% rate as good or excellent, respectively), while workflow between writer and approvers may present more challenges (only 34% rate performance as good or excellent).

Analysis:

- Although organizations with more basic or maturing processes rate themselves fairly similarly in terms of their execution of policy management tasks, advanced organizations tend to over perform in comparison to other maturity levels while reactive programs tend to underperform.
- Workflow between writers and approvers is one area that presents a challenge across all maturity levels.

Please Rate Your Company/Organization's Execution on the Following Aspects of Policy Management:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Poor</th>
<th>Fair</th>
<th>Average</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Access (The Degree to Which Information is Easy for View)</td>
<td>6%</td>
<td>11%</td>
<td>30%</td>
<td>37%</td>
<td>16%</td>
</tr>
<tr>
<td>Policy Quality (Completeness, Accuracy, Consistency)</td>
<td>5%</td>
<td>8%</td>
<td>29%</td>
<td>46%</td>
<td>12%</td>
</tr>
<tr>
<td>Policy Compliance (Version Tracking, Adherence to New Laws, Standards)</td>
<td>6%</td>
<td>13%</td>
<td>31%</td>
<td>38%</td>
<td>12%</td>
</tr>
<tr>
<td>Policy Contribution to Culture (Employees are Aware of Policies and View Them as Integral to Our Daily Operations)</td>
<td>9%</td>
<td>17%</td>
<td>32%</td>
<td>33%</td>
<td>9%</td>
</tr>
<tr>
<td>Policy Defensibility (Violation Tracking, Attestations / Signature Collections)</td>
<td>9%</td>
<td>14%</td>
<td>32%</td>
<td>37%</td>
<td>8%</td>
</tr>
<tr>
<td>Communication to Employees and Outside Third Parties (Distribution of New Information Quickly and Easily)</td>
<td>7%</td>
<td>15%</td>
<td>34%</td>
<td>37%</td>
<td>7%</td>
</tr>
<tr>
<td>Workflow Between Writers and Approvers (Length of Time for Review Cycles and Alerts for Outdated Policies)</td>
<td>10%</td>
<td>21%</td>
<td>35%</td>
<td>27%</td>
<td>7%</td>
</tr>
</tbody>
</table>

In this section, respondents were asked what type of technology they are using to manage four of the critical aspects of their policy management program:

1. Policy creation and review
2. Employee accessibility, search and version control
3. Policy distribution and attestation
4. Policy enforcement and audit

Organizations that are currently using an automated policy management software solution were then asked to complete a number of questions on how that system impacted the quality and efficiencies of their program. Organizations that did not use any technology solution as well as those using a system that is not specifically designed for policy management functions (e.g., a content management system like SharePoint® or spreadsheets) were not asked to evaluate the features of the policy management software.
Policy Management Technology

Findings: For those respondents who have policy management as part of their responsibilities:

- Overall, just over a third of organizations are using an automated policy management software for at least one type of policy management task. Highly regulated industries are more likely to use an automated policy management system, including healthcare (40%) and manufacturing (37%) compared to all other industries (33%).

- When it comes to policy distribution and attestation, organizations are more likely to use some form of technology. About four in five organizations (81%) with fewer than 500 employees use some form of technology for this function, compared to 91 percent of organizations with 500-5,000 employees and 92 percent of those with more than 5,000 employees.

- Almost half of organizations with more than 5,000 employees use a content system (like SharePoint®) to allow employee accessibility, search and version control (47% vs. 32% of organizations with 500-5,000 employees and 21% with fewer than 500 employees).

- Word processors or spreadsheets are mentioned most often (48%) for policy creation and review.

- Email is most often mentioned for policy distribution and attestation (49%).

- Content systems are used by about a third (32%) of organizations to allow for accessibility, followed by email (29%).

- Almost a third of organizations (31%) do not use any technology for policy enforcement and audit. However, organizations that measure the effectiveness of their program are more likely to use some type of technology solution (84% vs. 66% of those who do not use metrics).

- Those indicating dissatisfaction with their approach to policy creation and review tend to be using word processing software or spreadsheets (54%).

Analysis:

- While SharePoint, together with email, word processing, spreadsheets and organizational archives are common technologies used, there is no one type of technology that stands out as having a dominant position. This indicates fragmentation in programs as organizations try to cobble together multiple technologies.

- Many compliance programs are using basic tools around policy management. Mature programs, especially those in highly regulated industries, need a more automated, integrated approach for policies, procedures and operationalization. There is opportunity for improvement around greater efficiencies in managing policies and procedures with a centralized software solution.
What Technology Do You Use for the Following Policy Management Tasks?

- **Automated Policy Management Software**: 21% Policy Creation & Review, 22% Policy Enforcement & Audit
- **Survey Software (e.g., Survey Monkey)**: 8% Employee Accessibility, Search & Version Control, 8% Policy Distribution & Attestation
- **Content System (e.g., SharePoint)**: 18% Policy Creation & Review, 23% Policy Distribution & Attestation
- **Email**: 39% Policy Creation & Review, 39% Policy Enforcement & Audit
- **Word Processor or Spreadsheets**: 25% Policy Distribution & Attestation
- **Internally Created System**: 19% Policy Creation & Review, 24% Policy Enforcement & Audit
- **Organizational Archives**: 14% Policy Distribution & Attestation
- **Technology not Used for This Function**: 11% Policy Creation & Review, 13% Policy Enforcement & Audit

*Base: Policy Respondents Only, n=686.*
Satisfaction with Automated Policy Management Software

Findings: For those respondents who have policy management as part of their responsibilities and use an automated solution:

- Satisfaction with automated policy management software is fairly high, with almost two-thirds (63%) of respondents expressing some satisfaction, including more than a quarter (27%) who indicate they are “very satisfied.”

Analysis:

- Organizations with more advanced maturity tend to rate their satisfaction higher than more reactive programs (82% vs. 63%). This finding is not surprising as organizations that are more proactive and sophisticated in their approach to policy management are better able to leverage the features and benefits of their automated solution.
- Not surprisingly, the highly regulated healthcare industry also noted higher levels of satisfaction with their solution, as a centralized, automated solution is crucial for managing their large number of key policies and procedures.

Overall, How Would You Rate Your Satisfaction with Your Policy Management Software?

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>27%</td>
</tr>
<tr>
<td>Somewhat Satisfied</td>
<td>36%</td>
</tr>
<tr>
<td>Neither Satisfied nor Dissatisfied</td>
<td>25%</td>
</tr>
<tr>
<td>Somewhat Dissatisfied</td>
<td>8%</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>4%</td>
</tr>
</tbody>
</table>

Base: Organizations using an automated policy management software, n=241.
Improvements and Efficiencies with Automated Policy Management Solutions

**Findings:** For those respondents who have policy management as part of their responsibilities and use an automated solution:

- Among those who currently employ an automated software solution for policy management, a majority agree that the software has improved collaboration (59%), saved employees time in search (57%), increased efficiency (55%), and improved quality (51%).
- A sizeable number of respondents are more neutral on other benefits, particularly in terms of whether it has helped reduce personal injuries or employee complaints or ensured alignment with third parties.

**Analysis:**

- Not surprisingly, respondents who have employed an automated software solution for policy management noted several increases in efficiencies. These efficiencies were not as pronounced when it came to the issues of reducing personal injuries, employee complaints or ensuring alignment with third parties. That said, reducing employee complaints would not necessarily be an expectation. Employees with increased awareness of policies may be more likely to raise potential issues up the ladder.

To What Extent Do You Agree with the Following Statements About Your Automated Policy Management Solution?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Efficiency in Document Creation, Review and Distribution</td>
<td>9%</td>
<td>32%</td>
<td>41%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Saved Employee Time in Search</td>
<td>5%</td>
<td>34%</td>
<td>45%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Enhanced Employees’ Knowledge and Understanding of Policies and Procedures</td>
<td>7%</td>
<td>39%</td>
<td>40%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Improved the Quality of Our Policies and Procedures</td>
<td>10%</td>
<td>35%</td>
<td>40%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Improved Collaboration Across Different Functional Areas / Departments That Are Responsible for Managing Policies and Procedures</td>
<td>8%</td>
<td>29%</td>
<td>51%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Ensured Alignment with Third Parties on Policies and Expectations</td>
<td>6%</td>
<td>14%</td>
<td>49%</td>
<td>25%</td>
<td>6%</td>
</tr>
<tr>
<td>Resulted in a Reduction in Personal Injuries or Employee Complaints</td>
<td>5%</td>
<td>14%</td>
<td>57%</td>
<td>18%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base: Organizations using an automated policy management software, n=208.
**Metrics to Measure Program Effectiveness**

**Findings:** For those respondents who have policy management as part of their responsibilities and are using an automated solution:

- More than two-thirds of organizations (68%) using an automated policy management solution use metrics to measure effective policy management. Most commonly, 39 percent measure policy accessibility, 34 percent measure improvements in efficiency in completing policy management tasks, 31 percent measure employee satisfaction and user experience and 24 percent measure completion rates for attestations.

- Thirty-two percent of organizations do not use any metrics to measure the effectiveness of their policy management system.

**Analysis:**

- Noting that regulators, including the DOJ, expect organizations to measure the effectiveness of their program, it is positive news that many organizations are using multiple avenues to assess the effectiveness of their policy management processes.

- Quizzes are an underutilized way to ensure employees understand your policies, and they provide an audit trail for regulators. Organizations should consider adding quizzes to key policies.

**Which Metrics Do You Use to Measure the Effectiveness of Your Policy Management Program?**

Base: Organizations using an automated policy management software, n=206.
Main Reason for not Moving to an Automated Technology Software

Findings: For those respondents who have policy management as part of their responsibilities:

- For those organizations that have not moved to a more automated process for policy creation and management, budget (including ROI concerns) and perceived lack of need are the most common reasons.

- Reactive organizations are more inclined than more mature programs to indicate that they have not been able to move to an automated solution due to lack of a concrete owner/silos/roadblocks (27%). This is also an issue among organizations with more than 5,000 employees (mentioned by 31%).

- More than a third (37%) of organizations with fewer than 500 employees indicate that they do not see any need for more automated processes.

Analysis:

- It is understandable that very small organizations or those who manage very few policies are less likely to see the need for an automated system. As these organizations grow in size and complexity, they will likely find that some type of automated solution will be needed to contribute to greater policy and procedure management efficiency, ease of use/access and improved employee comprehension.

Why Hasn’t Your Company/Organization Moved to a More Automated Process for Policy Creation, Distribution & Storage?

![Bar chart showing reasons for not moving to automated technology software]

*Base: Organizations not using an automated policy management software, n=435.*
Value of Automated Solution Features

Findings: Respondents who use an automated technology solution for their policy management consistently identified a wide variety of features and functions of their current system.

- Virtually all indicate their system has a centralized repository providing easy access to the most current version (91%), a search feature (89%), ability to create, edit and upload documents (88%), audit trails (87%), improved version controls (85%), and reminders, tasks and escalations (85%).

- Although most systems integrate with an incident management system, just over a third (35%) do not have access to this type of feature.

Using a scale from one to five, where one is not at all valuable and five is very valuable, organizations were asked to rate the value of a list of features within their automated policy management technology solution.

- Including only those who have access to each feature, the most valuable features (ranked 4 or 5) include offering audit trails (76%), a centralized repository (75%), improved version control (74%), tracking employee attestation (70%), and creating, editing and updating documents (70%).

- Organizations that employ metrics to assess program effectiveness are more inclined to indicate that audit trails on changes and attestations are “very valuable” (55% vs. 31% of those not employing metrics). They are also more likely to indicate that tracking employee attestation is very valuable (50% vs. 23%).

Analysis:

- Organizations with an automated policy management system typically have access to a wide range of features suggesting that the systems being used are fairly robust.

- While we previously noted the two biggest reasons given by respondents for not moving to an automated system were cost and that they could not see other benefits, those respondents who have moved to an automated system gave them high marks in a variety of business efficiency and effectiveness areas.

- Organizations that leverage the efficiencies of an automated policy management software are able to free up resources to focus on other aspects of managing their policy management program.
Please Rate the Features of Your Current Policy Management Solution & the Value of These Features to Your Organization:

<table>
<thead>
<tr>
<th>Feature</th>
<th>1-Not at All Valuable</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5-Very Valuable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralized Repository, Easy Access to the Most Current Versions</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Creating, Editing and Updating Documents</td>
<td>8%</td>
<td>19%</td>
<td>18%</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Audit Trails on Policy Changes and Attestations</td>
<td>5%</td>
<td>16%</td>
<td>28%</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>Improved Version Control, Reduce Redundancy or Inaccuracy</td>
<td>6%</td>
<td>17%</td>
<td>27%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>Search Feature to Easily Locate Policies</td>
<td>9%</td>
<td>20%</td>
<td>21%</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>Track Employee Attestation to Key Policies and Procedures</td>
<td>5%</td>
<td>6%</td>
<td>19%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Ability to Distribute Policies to Employees Based on Role, Start Date, Location, etc.</td>
<td>6%</td>
<td>23%</td>
<td>25%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Track Attestation with Legal or Regulatory Requirements</td>
<td>5%</td>
<td>8%</td>
<td>20%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Access Policies and Procedures from Any Device</td>
<td>5%</td>
<td>7%</td>
<td>26%</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Reminders, Tasks and Escalations</td>
<td>6%</td>
<td>28%</td>
<td>24%</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Notifications of New or Updated Requirements, Regulations or Laws</td>
<td>5%</td>
<td>8%</td>
<td>27%</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>Reporting Tools (Analytics and Graphs)</td>
<td>6%</td>
<td>13%</td>
<td>22%</td>
<td>24%</td>
<td>35%</td>
</tr>
<tr>
<td>Integration with Incident Management System</td>
<td>9%</td>
<td>12%</td>
<td>24%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Surveys or Quizzes to Evaluate Reader Comprehension</td>
<td>9%</td>
<td>9%</td>
<td>31%</td>
<td>21%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Base: Organizations using an automated policy management software, n=236.
Senior Management Reasons for Purchasing a Policy Management Program

Findings: For those respondents who use an automated policy management solution:

- When purchasing centralized policy management software, senior management most commonly looks to centralize policies and procedures (51%), better manage documents (47%) and improve employee access (44%). Improving accountability (39%) and reducing risk (34%) are also common requests.

- More advanced programs are more likely to cite every reason listed as a basis for the purchasing decision. Almost half (47%) of respondents in organizations with Basic programs have no insight into why their senior management chose to purchase a program.

- There are no differences in reasons given across organizations of varying size or revenue.

- The order of prioritization of main reasons remains unchanged from 2017 findings, with no single reason for purchasing a policy management software that is universally cited by organizations. The 2017 rank of top seven reasons mirrored the order of priorities from this year’s report.

Analysis:

- Clearly, organizations invest in a policy management program for a wide variety of reasons. In an era of greater business efficiencies and automation, the compliance function needs to be a part of this forward movement.

What Were the Main Reasons Senior Management Decided to Purchase a Policy Management Program?

Base: Organizations using an automated policy management software, n=236. Multiple responses possible.
Beginning with the code of conduct, policies are a key way for organizations to inform their employees of expectations. Effective policy management prevents misconduct and reduces the chances of legal and ethical violations. This section explores how organizations track and manage policies to reduce risk and meet regulatory requirements through periodic updates, documentation and legal review.

**Policy Review & Creation**

**Findings:** For those respondents who have policy management as part of their responsibilities:

- Almost two-thirds of organizations (63%, up from 52% in 2017) keep detailed records on all policies while an additional 31 percent keep records on key policies.

- Most organizations (64%, up from 55% in 2017) have guidelines on how to create and distribute new policies. With an increase from the past year of nearly 10 percentage points, companies are moving to put more standards in place around policy management.

- As organizations mature in their policy management processes, they are more likely to have documented guidelines in place. Larger organizations with over 5,000 employees are more likely than organizations with fewer employees to have documented guidelines (73% vs. 64% of organizations with 500-5,000 employees and 57% of organizations with fewer than 500 employees).

- Organizations that use technology for all processes are more likely to have documented guidelines (68%) than those who use technology only for some tasks (55%) and those who do not use technology (33%).

**Analysis:**

- Nearly all organizations keep some detailed records on their policies. Even the majority of organizations with a reactive policy program maturity level keep policy management records (82%).

- More Advanced/Maturing policy programs apply a more proactive approach to policy and procedure management, including maintaining records and updating policies before issues come up.

- Having a “policy on policies” is a best practice that helps organizations define a consistent approach for the creation and distribution of policies. It also provides a level of standardization across policies so that when an employee looks at any given policy, it is in the same format making it easier to find needed information.
Does Your Company Keep Detailed Records on Policies in Accordance with Your Records Management Policy?

- Yes: 63%
- Yes, On a Few Key Policies but not all of them: 31%
- No: 6%

Base: Policy Respondents Only, n=752.

Do You Have Documented Guidelines for How to Create & Distribute New Policies (i.e., A Policy on Policies)?

- Yes: 64%
- No: 26%
- Don't Know: 10%

Base: Policy Respondents Only, n=752.
Addressing Legal & Regulatory Risks Continued

**Legal Review on Policies**

**Findings:** For those respondents who have policy management as part of their responsibilities:

- Organizations are diverse in terms of how often they formally review policies, with some indicating proactively but not on a set schedule (30%), while others review them at a time defined within the policy (28%) or on an annual basis (28%).

- The vast majority of organizations (92%) have their legal counsel review at least some of their policies prior to publication. Half of organizations indicate that Legal reviews 50 percent or more of their policies, while 39 percent indicate that one-quarter or fewer policies undergo review.

- Half of organizations with more than 5,000 employees have 76 percent to 100 percent of their policies reviewed by legal counsel (compared to 39% of organizations with 500-5,000 employees, and 28% of organizations with fewer than 500 employees).

**Analysis:**

- While there appears to be a baseline understanding for the need of policy review, there continues to be variance in the review process.

- Not surprisingly, a sizeable number of Reactive organizations are more likely to review policies only when an issue is raised compared to Maturing/Advanced organizations (46%).

- Best practice programs review policies every one to two years and whenever there is a change to an associated regulation or requirement.

How Often Does Your Company Review Your Policies to Ensure They Are Current with Applicable Laws & Regulations?

![Chart showing review frequencies](chart.png)

- **We Review Our Policies Proactively, but not on a Set Schedule**: 30%
- **As Defined Within the Policy**: 28%
- **Annually**: 28%
- **Quarterly**: 2%
- **Reactively, When a Potential Issue Is Raised**: 12%

*Base: Policy Respondents Only, n=729.*
How Many of Your Policies Are Reviewed by Legal Counsel Before They Are Published?

- 76-100%: 38%
- 51-75%: 12%
- 26-50%: 12%
- 1-25%: 31%
- None: 8%

Legal Actions, Cost & Prevention Related to Ethics & Compliance Programs

Findings: For those respondents who have policy management as part of their responsibilities:

- Legal actions provided the largest amount of damage to organizations. Ethics violations and failures by company employees and third parties were reported by less than 25 percent of the respondents.

About half of the respondents feel that training and policies help prevent misconduct.

Analysis:

- Preventing legal violations is one of the primary reasons why organizations create policies and conduct training and are part of an overall operationalized risk management strategy. For example, an easily accessible wage and hour policy paired with training could decrease violations.

What Damage Has Your Organization Incurred in the Past Three Years Resulting from an Ethics Issue?

![Chart showing the percentage of organizations that have incurred various types of damage.]

> Employee Litigation Against the Organization: 29%
> Reputational Damage Due to Ethics Violation: 15%
> Legal Action Taken Against the Organization by Governing Body: 12%
> Third-Party Ethics Failure: 9%
> Violation of Wage and Hour Laws (i.e., Penalties or Class Action Suits): 7%
> None of the Above: 57%

What Was the Outcome of Any Legal or Regulatory Action Faced in the Past 3 Years?

- Won: 24%
- Settled: 56%
- Action Dismissed: 23%
- Lost: 15%
- Resolved with Corrective Action: 33%
- Resolved with Undisclosed Terms: 19%
- Still Pending / Unresolved: 37%


Did Any of These Programs Help Prevent Misconduct or Ethical Violations in Your Organization in the Past 3 Years?

- Ethics and Compliance Training Program: 54%
- Policy and Procedure Management System: 48%
- Whistleblower Hotline with Case Management System: 36%
- Third-Party Monitoring System: 17%
- None of the Above: 24%

CONCLUSION & KEY TAKEAWAYS

Mature and effective policy and procedure management programs have several things in common:

1. Proactive approach for creating, reviewing and updating policies and procedures
2. Collaboration between multiple departments for document creation and review
3. Implementation of a constant feedback loop on the link between the effectiveness of policies and the reduction of misconduct
4. Tracking of metrics on program effectiveness and reporting to the board on key components of the program

Organizations do not need an immense budget or a lot of headcount to accomplish these objectives. Even small organizations with a small number of policies will benefit from the efficiencies provided through automation.

**Key Takeaways**

Effective policy and procedure management is a shared responsibility across the organization. Compliance, Human Resources and Legal are all highly involved in influencing and decision making for policy and procedure management. Survey respondents indicated that several other functions are providing valuable input and advice as well, including Internal Audit, IT, Procurement, Finance and even the board. The U.S. Department of Justice’s *Evaluation of Corporate Compliance Programs* suggests programs should be evaluated based on how business units consult with each other prior to rolling out policies and procedures. In addition, sharing responsibilities for managing both policies and procedures across an organization can expand the reach of the compliance function without increasing head count or budget.

Regulators are looking for the tie between your compliance program and the type of conduct you are trying to impact. Beyond simply editing and distributing policies, automated policy management solutions can provide solid evidence of attestations, comprehension quizzing, and numbers around third parties. It ties together with the government’s current recommendation to demonstrate compliance program effectiveness, providing an audit trail if regulators come knocking. Organizations need to be able to demonstrate that the conduct under investigation was prohibited by a specific policy and procedure and provide that policies and procedures have been effectively implemented.

A lack of resources is no excuse for regulators. If the DOJ reviews a policy and procedure management approach, they will examine which E&C program processes have been utilized. This includes the design, implementation and measurements of policies and procedures, or the standards expected for appropriate behavior. Important areas to consider include who is involved in the development and approval of the policies, and what other business units and divisions were consulted prior to rolling them out. Are these policies effective in preventing misconduct? Are they being updated and reviewed relevant to any reported misconduct? Are they easily accessible to the relevant employees and third parties? An automated solution can provide the tools to follow these mandates, including collaborative workflows, version control, audit trails and reporting metrics.
Prioritizing budget for ethics and compliance program development and automation can result in a significant ROI for the entire organization. From protecting the organization against external regulatory fines and litigation to improving business efficiencies, organizations can realize material cost savings through investing in policy and procedure automation tools. The simple math shows that an automated solution can help with resource efficiency when finances and head count are low. We see more mature programs pursue best practices and program efficiencies, notably through automated policy and procedure management solutions, at lower resource allocation than those with non-automated programs, and with better program outcomes. The centralization of policies and procedures, more efficient management and improved employee access to the documents all speak to the need to enhance policy and procedure management efficiency through a more mature and automated approach.
NAVEX Global’s PolicyTech policy management software revolutionizes the way organizations manage policies and procedures. Our industry-leading solution is designed to help organizations centralize and simplify their policy management activities, making the complex tasks of writing, reviewing, approving, publishing, updating and attesting to policies simple and seamless.

PolicyTech helps organizations meet legal and regulatory requirements. Organizations can group policies around a specific law or requirement to make policies that cover specific regulations easier to maintain and allow regulators to see all of the organization’s policies around a specific law. As an added benefit, PolicyTech integrates with NAVEX Global’s EthicsPoint® incident management system to help organizations track and address incidents related to a policy and is reinforced by our E&C training content.
ADDITIONAL RESOURCES

NAVEX Global offers many valuable resources to help you increase your policy management program effectiveness. Visit our resource library at http://www.navexglobal.com/resource-center to find these tools and more.

White Papers:
- The Definitive Guide to Policy Management
- Building Versus Buying Policy Management Software

Use Cases:
- How to Simplify Regulatory Edits & Audits
- How to Track Readership to Ensure Employee Compliance
- How to Automate Policy Management Workflows
- How to Easily Access Important Procedures

ABOUT THE AUTHOR

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Carrie Penman is NAVEX Global’s Chief Compliance Officer and Senior Vice President of Advisory Services. She has been with NAVEX Global since 2003 after four years as Deputy Director of the Ethics and Compliance Officer Association (ECOA). Carrie was one of the earliest ethics officers in America – a scientist who developed and directed the first corporate-wide global ethics program at Westinghouse Electric Corporation. Since joining, she has conducted numerous program and culture assessment projects for clients around the world, and regularly trains and works with company boards of directors and executive teams. She also serves as a corporate monitor and independent consultant for companies with government agreements.
NAVEX Global’s comprehensive suite of ethics and compliance software, content and services helps organizations protect their people, reputation and bottom line. Trusted by 95 of the Fortune 100 and more than 13,000 customers, our solutions are informed by the largest ethics and compliance community in the world. For more information, visit www.navexglobal.com.