

20 Questions Directors Should Ask about Compliance Committees

What are some of the questions that the Board of Directors should be asking? We posit that a large public company should have Compliance Sub-Committee of Board members. We list 20 questions below which reflect the oversight role of directors which includes asking senior management and themselves. The questions are not intended to be an exact checklist, but rather a way to provide insight and stimulate discussion on the topic of compliance. The questions provide directors with a basis for critically assessing the answers they get and digging deeper as necessary.

The comments summarize current thinking on the issues and the practices of leading organizations. Although the questions apply to most medium to large organizations, the answers will vary according to the size, complexity and sophistication of each individual organization.

Part I: Understanding the Role and Value of the Compliance Committee

1. What are the Compliance Committee's responsibilities and what value does it bring to the board?
2. How can the Compliance Committee help the board enhance its relationship with management?
3. What is the role of the Compliance Committee?

Part II: Building an Effective Compliance Committee

4. What skill sets does the Compliance Committee require?
5. Who should sit on the Compliance Committee?
6. Who should chair the Compliance Committee?

Part III: Directed to the Board

7. What is the Compliance Committee's role in building an effective compliance program within the company?
8. How can the Compliance Committee assess potential members and senior leaders of the company's compliance program?
9. How long should directors serve on the Compliance Committee?
10. How can the Compliance Committee assist directors in retiring from the board?

Part IV: Enhancing the Board's Performance Effectiveness

11. How can the Compliance Committee assist in director development?
12. How can the Compliance Committee help the board chair sharpen the board's overall performance focus?
13. What is the Compliance Committee's role in board evaluation and feedback?
14. What should the Compliance Committee do if a director is not performing or not interacting effectively with other directors?
15. Should the Compliance Committee have a role in chair succession?
16. How can the Compliance Committee help the board keep its mandates, policies and practices up-to-date?

Part V: Merging Roles of the Compliance Committees

17. How can the Compliance Committee enhance the board's relationship with institutional shareholders and other stakeholders?
18. What is the Compliance Committee's role in CCO succession?
19. What role can the Compliance Committee play in preparing for a crisis, such as the discovery of a sign of a significant compliance violation?
20. How can the Compliance Committee help the board in deciding CCO pay and bonus?

We hope these questions may lead to further discussions and debate on the role of the Board in a company's overall compliance program. We invite any reader to comment on these and add their own questions which may lead to further dialogue and inquiry for a Board or Compliance Committee.

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