THE Netw**o**rk
Integrated GRC Solutions

Survey Report:
Key Trends in Effective
Policy Management

A report on how organizations are implementing corporate policies, as well as the systems and tools used to make those policies more useful and other observations regarding best-practices for policy management.

Survey Report:
Key Trends in Effective Policy Management

A SURVEY REPORT

During January and February 2013, The Network conducted an online survey on the effectiveness of managing corporate policies. We asked organizations to let us know how they are implementing and applying their corporate policies, as well as what systems and tools they use to make those policies more useful to their workforce and to their bottom-line strategies. This report details the findings of that survey, along with other observations regarding best practices for policy management.

In the year following the release of The Network's Policy Management solution, we have done considerable research on the ways organizations leverage their corporate policies to address risk, especially in light of increasing and changing regulatory pressures. In one-on-one discussions with our clients as well as subject matter experts, we have found that organizations face a number of similar challenges around policy management.

Here are some of those challenges and insights into how organizations are dealing with them:

- Policy content is often created by individual teams, which may need to work on different sections of content at different places and times. Distributing ownership of sections of one policy across multiple individuals or groups is problematic. Collaboration is essential.

- Because policies often are conceived at the department or functional level, ensuring consistent policy look and feel across business units isn't always assured. Delivering policy messages in a consistent manner increases employee understanding and retention.

- The communication of policies to the workforce is often treated as an ad hoc process. Communicating expectations and capturing attestations and certifications are effective ways companies promote an ethical culture. Over time, companies can reduce the frequency of incidents by ensuring the workforce is made aware of, and properly trained on, the behavioral expectations and guidelines found in their policies.

- Best-practice lifecycle management of policies ensures that policies are reviewed regularly. It is critical to include a trackable approval process in a policy management solution and associate policies with ever-changing regulations and control standards.

- The tracking of policy versions helps keep the entire policy management lifecycle in alignment with organizational initiatives as well as regulatory changes. Organizations struggle to do this using a typical document library

"Organizations need better technology to effectively manage the development, distribution, communication, and maintenance of policies throughout the enterprise. Technology is enhanced when the organization has standard templates and development/ lifecycle process for policy management."

Michael Rasmussen,
Principal Analyst,
GRC 20/20

approach, which has limited capabilities as far as versioning, tracking and auditing. Having an audit trail of policy versions provides a level of defensibility should a compliance issue arise.

- Identifying and managing policy violations as well as tracking disclosures by policy consumers is integral to an effective overall GRC initiative and to sustaining an ethical culture that is focused on policy compliance.

Results from our "Effective Policy Management" Survey

Here are the statistics and findings we uncovered following a survey conducted by The Network during the time period of January – February 2013. The survey was made available on the company's website and open to all audiences. The survey consisted of six questions regarding various aspects of corporate policy management, including the technology in use as well as the methods in place for policy development, approval, communication, attestation and tracking.

Because the survey was not limited to a select group and because demographics were not specified in the criteria, the survey is non-scientific, but serves to illustrate a number of pertinent points and trends regarding policy management.

The results of our survey don't necessarily point to a particular trend in the way people manage or want to manage their policies. Instead, the responses are indicative of the status quo, and they do stand to illustrate what organizations and their compliance teams want to do in the future.

One key overall finding is that one in three of the survey respondents relies on manual processes and non-integrated systems to manage their corporate policy framework.

KEY FINDINGS

- More than half of respondents have a policy management system, but few apply an integrated approach

- Almost half of respondents do not have an audit trail for any policies

- More than half of respondents do not have a scheduled review of policies

- Most organizations understand the need for training on policies, but few have integrated the two

This lack of cohesion and consistency often means that policies are treated differently by different functions within the organization and that there is little to no collaboration or enterprise view of how policies are being consumed and followed. So, organizations are struggling with the complexities of managing their policy structure.
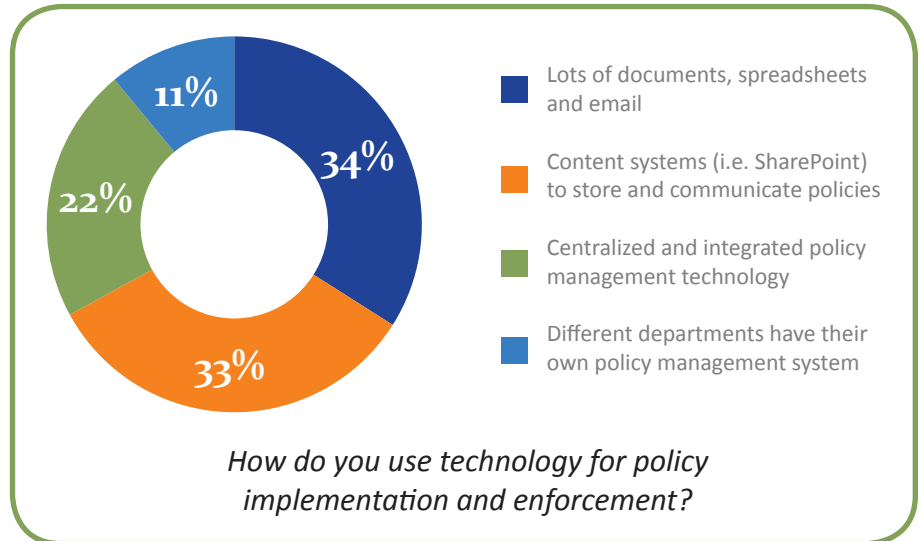
Technology

It isn't surprising to find that about two-thirds of respondents are limited to online content systems or still use documents, spreadsheets and email to create, manage, track and communicate their policies.

Unfortunately, most organizations aren't sure of what's required for effective policy management and look to improvise using existing solutions. Many times, the development effort needed to make these applications work as needed far exceeds the rewards.

34%

33%

22%

11%

■ Lots of documents, spreadsheets and email

■ Content systems (i.e. SharePoint) to store and communicate policies

■ Centralized and integrated policy management technology

■ Different departments have their own policy management system

How do you use technology for policy implementation and enforcement?

Auditability

Auditability refers to the ability to review the status of policies previously in place as well as policies currently in use. By being able to show that a particular version of a policy was in effect on a given date greatly increases the defensibility of your organization should an issue arise, because you can prove that a policy was in place and was active.

Only slightly more than one in ten respondents said that they had an effective audit or version tracking mechanism in place for all of their policies. Less than half had such a process in place for at least some of their policies.
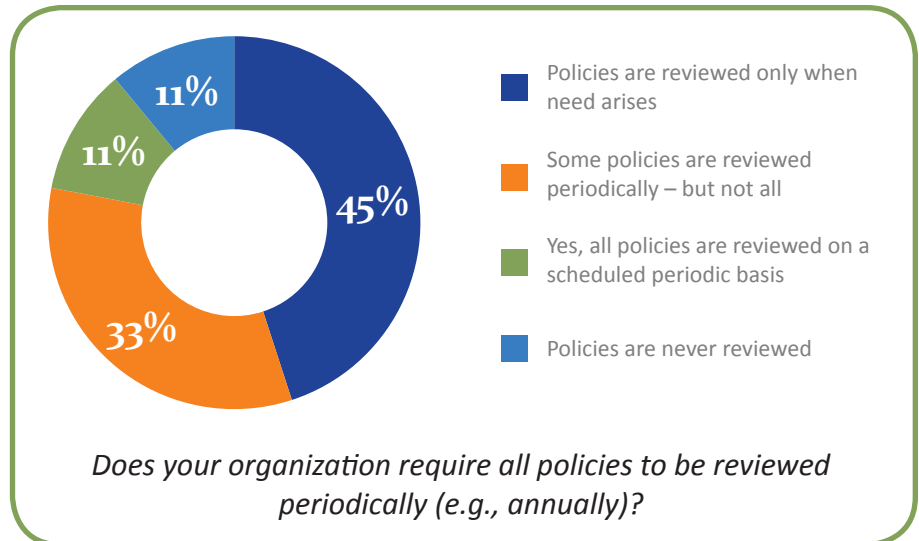
From these numbers, organizations are auditing certain policies, but not all. This is interesting since policy auditability is important for all policies, even if policies are prioritized according to their risk factors.

Yes - 11%

Some - 44%

No - 45%

Does your organization keep detailed records/audit trails on policy creation?
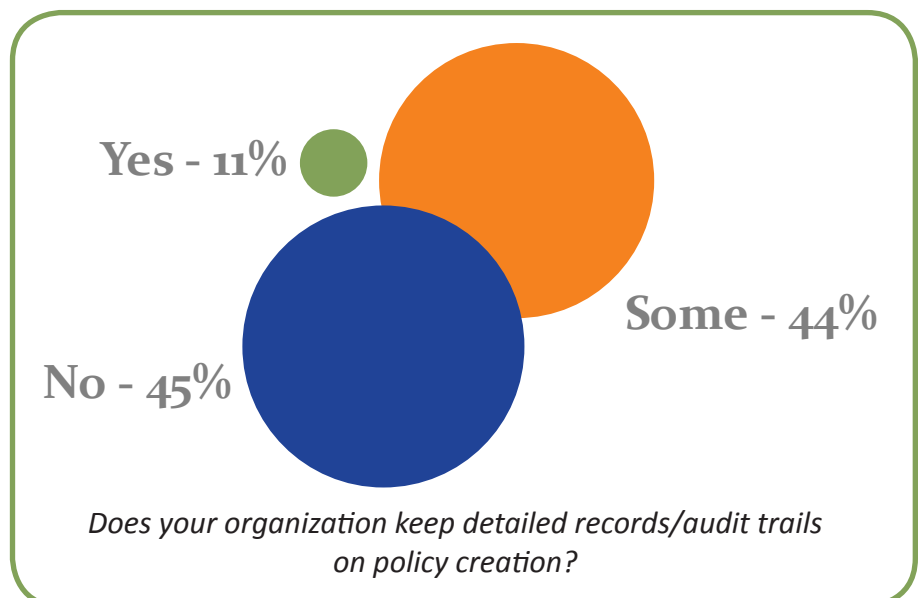
Policy Review Process

According to GRC pundit Michael Rasmussen (GRC 20/20), best practice calls for an annual review of each and every policy, as well as a system of accountability and workflow to facilitate the periodic review process.

Alarmingly, more than one of ten respondents said they never reviewed their policies, while only 11% said they always reviewed all of their policies on a recurring basis. Most said they reviewed policies on an ad hoc basis.
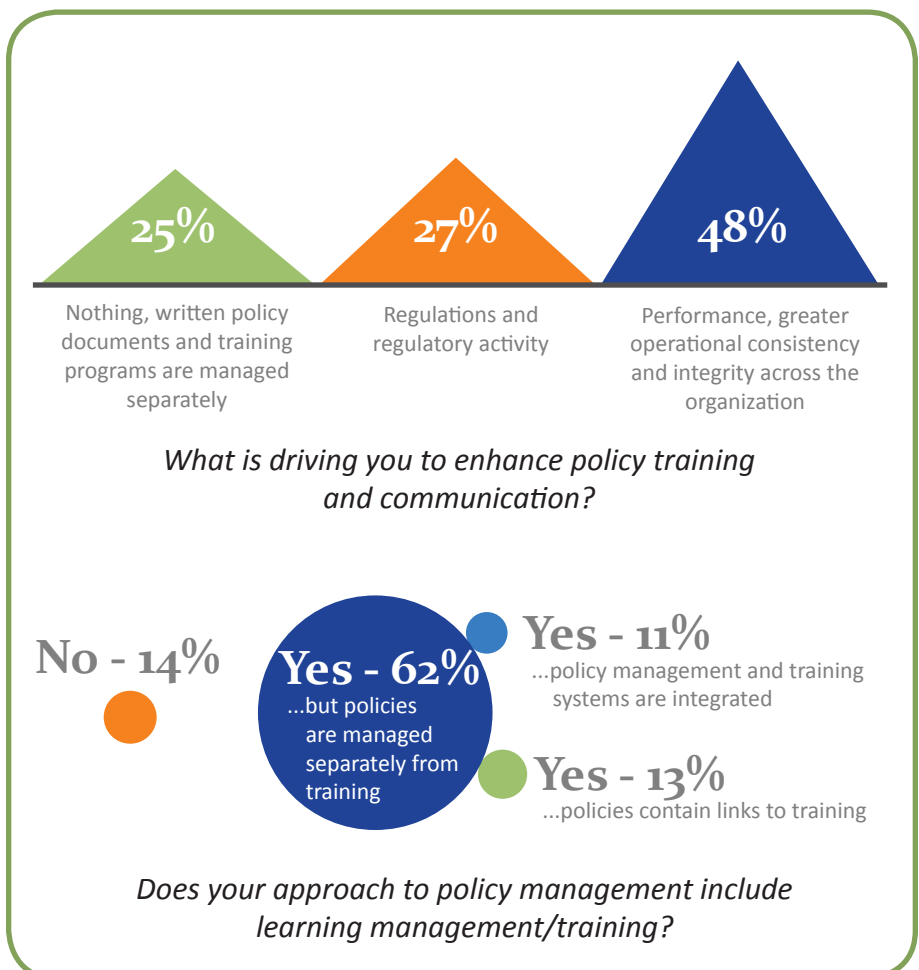

- Policies are reviewed only when need arises
- Some policies are reviewed periodically – but not all
- Yes, all policies are reviewed on a scheduled periodic basis
- Policies are never reviewed

Does your organization require all policies to be reviewed periodically (e.g., annually)?

Alignment of Policies & Training

Three out of four respondents are working to align their policy programs with training because of organizational drivers, primarily the need to improve performance and productivity.

That being said, only one in four respondents link policies to training or have a fully integrated system, but three out of five see the need for the alignment but manage policies on a different level from employee training.

It isn't all that surprising that policies and training are often separated, given that most learning management systems are not tied into policy systems, cannot adequately handle documents as content, and don't have workflows designed to provide input for policy review and modification.
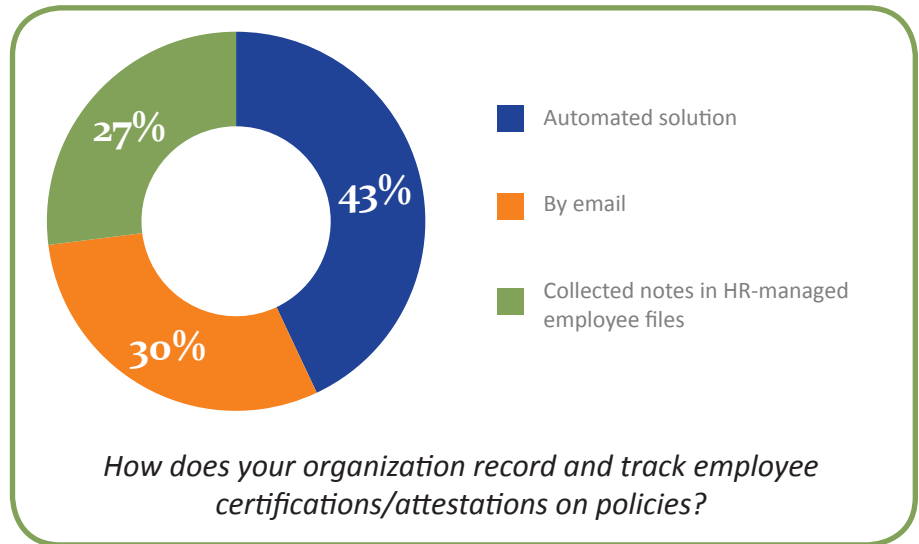
It's clear that some organizations are seeing the advantages to leveraging social media-style interfaces across their corporate communications, and policy consumption is taking that same tack. The use of interactive content works to improve employee retention of critical material.

25%	27%	48%
Nothing, written policy documents and training programs are managed separately	Regulations and regulatory activity	Performance, greater operational consistency and integrity across the organization

What is driving you to enhance policy training and communication?

No - 14%

Yes - 62%
...but policies are managed separately from training

Yes - 11%
...policy management and training systems are integrated

Yes - 13%
...policies contain links to training

Does your approach to policy management include learning management/training?

Policy Certification/Attestation

Most organizations see the need to maintain a record of employees having reviewed the policies, but less than half have an automated and/or integrated system to record these attestations.

More than half use email or manual file systems to maintain these records. However, these methods limit the ability to leverage a solid policy program to defend the organization if and when incidents occur.

27%

43%

30%

- Automated solution
- By email
- Collected notes in HR-managed employee files

How does your organization record and track employee certifications/attestations on policies?

Summary

Effective management of your corporate policies sets a firm foundation for all your GRC initiatives, governing the boundaries of your organization's risk appetite and culture while establishing andpromoting the desired behavior. Due to increasing and changing regulatory pressures, organizations must continually step up their efforts to address risk management needs. One component of successful risk management is to develop, implement and manage policies that define the expected behaviors of the organization, define the organization's attitude toward risk, and establish the foundation for an ethical culture.

We've seen that tracking policy versions, violations of policy, policy changes and proper documentation of exceptions are all challenges that most organizations face. Moreover, most organizations have very manual processes for these challenges. Even with these conditions, organizations understand the need to leverage an effective policy management program. They are working to implement sound policy solutions that include thorough and engaging communications, collaborative editing and distribution, version and attestation tracking, and ongoing policy analysis.

Organizations are quick to realize the risk exposure that can come about when a policy is misunderstood or misapplied. Now, they are also seeing that integrated information about risk, from across the entire enterprise, helps them see the bigger risk picture.

ABOUT THE NETWORK

The Network is a leading provider of integrated governance, risk and compliance (GRC) solutions that allow organizations to create better workplaces and ethical cultures. The Network's Integrated GRC Suite, recognized as the "Apple of GRC" by GRC 20/20, is the first natively integrated enterprise GRC software platform in the compliance industry. The Suite was built to leverage the way employees retain and apply ethics & compliance information and helps companies prevent, detect and remediate non-compliance and unethical conduct. A SaaS-based technology solution, the Suite integrates policy management, training and communications, code of conduct, surveys and assessments and case management, all on a reporting and analytics platform. Originally established as the first whistleblower hotline provider in 1982, The Network serves thousands of organizations in every industry, including nearly half of the Fortune 500.

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