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### Using self-disclosure to disrupt your culture of compliance

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by Beth Socoski

Beth Socoski ([bethsocoski@gmail.com](mailto:bethsocoski@gmail.com)) is the Senior Project Manager at WellCare Health Plans, Inc. in Tampa, FL, USA.

- [linkedin.com/in/beth-socoski-mba-chc-ccep-645b16b4](https://www.linkedin.com/in/beth-socoski-mba-chc-ccep-645b16b4)

When a compliance and ethics professional is made aware of an issue warranting potential regulatory disclosure, it can be difficult to discern the pathway to take to protect the organization. Although there can be pros and cons with multiple variables to consider when determining to take any one specific action, the value that self-disclosure adds to an organization's culture should be included in the decision-making process. Self-disclosure to a regulatory entity can provide a unique opportunity to help influence and shape the culture of compliance at an organization.

### Transparency leads to collaboration

A regulator once said to me, "We already know that you have issues, everyone does — it's the cost of doing business. But when you tell us nothing, it makes us suspect there is so much more happening." This was profound in how it changed the way the organization approached the regulator going forward. The relationship became more trusting, transparent, educational, and collaborative.

Self-disclosure can have numerous internal and external protective factors, as well as cultural disruptions that should be considered when deciding to disclose.

In many industries, only those issues previously self-disclosed may be considered for leniency among punitive findings resulting from an external audit. If an issue is likely to be uncovered in the event of an audit, it behooves the organization to strongly consider the benefits of disclosure. Decreased culpability and proof of an effective compliance program are fringe benefits compared with avoiding possible sanctions, fines, and criminal proceedings.

Regulators may offer unique insights into trends happening within the industry when the self-disclosure is proffered in the spirit of education and improvement. Some regulators may even provide examples of issues happening with other organizations that share the same vendors. This can prove incredibly valuable, not just in protecting the organization, but in future contract proceedings. Opening the dialog with the regulator can help the organization gain priceless information about the regulatory entity.

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