Background:

Compliance program assessments are conducted by the Council of Ethical Organizations' service subsidary, Compliance Resource Group, Inc.

One of the requirements for an "effective compliance program," as stated by the Federal Sentencing Commission more than two decades ago, is periodic critical review of the program to ensure that it meets its objectives and accurately reflects the organization's operations and compliance risks. Our comprehensive assessment process is designed to conduct such a compliance program review and provide practical advice on how the compliance program can better address the business and management needs of the organization. With the increased focus on corporate governance and board oversight of management practices, the compliance program can play an important role in ensuring that an organization's corporate governance structure is sound. Our assessment reports give the compliance officer, the board of directors and executive management guidance on how the organization's compliance program can be fortified to ensure that it meets or exceeds its objectives.

Assessment Process:

Our assessment protocol includes an in-depth review of the entire compliance program, beginning with a focus on the seven elements of an effective effort. We critically assess the program in light of your organization's current operations, potential risk areas for non- compliance, and annual objectives. In addition, we benchmark your program against those of organizations which have achieved a level of performance recognized as "best practice" for that program element. Finally, we make specific recommendations on how your program can be augmented to achieve best practice status, and maintain a viable and valuable compliance program for your organization.

When conducting a Program Assessment, some of the issues we focus on include:

- **Oversight and support for the compliance program including:**
  - Governance structure of the organization and the program
  - Leadership support of the compliance effort
- **Corporate compliance officer and staff**
  - Compliance function status within the organization
  - Structure and resources of compliance office
  - Delegated compliance responsibilities
- **Code of Conduct and compliance-related corporate policies**
  - Content and effectiveness of Code of Conduct
  - Distribution of Code and employee awareness
  - Review of corporate policies and procedures
  - Review of compliance-related policies and procedures
- **Internal reporting process**
  - "Hotline" and/or other formal reporting mechanisms
  - Informal reporting processes
  - Effectiveness of review process and procedures
- **Compliance education and training**
  - Effectiveness of training program in light of corporate values
  - Content and adequacy of subject matter

- – Delivery and audit of training program

- **Internal controls and corrective action**
  - – Adequacy of internal audit process
  - – Compliance audit protocols
  - – Implementation of corrective actions
  - – Discipline process
- **Periodic review of compliance program**
  - – Relevance to current operations
  - – Modifications to reflect business changes, regulatory requirements, etc.

The Program Assessment process includes a desk review of the organization's policies, procedures, and compliance-related reports. In addition, structured interviews are conducted throughout the organization to obtain a representative sample of employee perceptions of the effectiveness of the program and the compliance staff. We interview both management and line employees in order to determine strengths and weaknesses of the existing compliance effort.

Program Assessment Applications:

The Program Assessment tool is a valuable measure of the program's success in meeting its objectives in light of the organization's business operations and compliance challenges. The assessment also provides documented *evidence* of the organization's corporate commitment to business integrity. The assessment report helps focus management's attention and compliance program resources where the needs and risks are greatest. If there have been changes in the regulatory climate or in the organization's structure and business, the assessment allows you to determine the impact these changes may have on the organization's compliance efforts. The report also provides the board and management with necessary validation that the program is supporting the governance structure of the organization.

Outcomes:

The Program Assessment process concludes with a comprehensive report on the organization's compliance program. This includes an analysis of how well the program compares to "best practices," and areas of particular strength and weakness. We include specific recommendations on how each element of the program can be enhanced or modified to meet the organization's compliance goals more effectively. We often provide an in-person presentation of our findings to the board and/or executive management to provide an opportunity for a frank and open discussion of the results and our recommendations.

For Additional Information, Contact:

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