NAVEX GLOBAL®
The Ethics and Compliance Experts

DEFINITIVE GUIDE SERIES

Second Edition

DEFINITIVE GUIDE TO

POLICY & PROCEDURE MANAGEMENT

Optimise your organisation's policy and procedure management programme

OVERVIEW

The Definitive Guide to Policy and Procedure Management, Second Edition, is your go-to resource for effectively and efficiently managing your organisation's employee handbook, code of conduct, and other policies and procedures. No matter where you are in your understanding of policy management, or how effective your current system may be, this guide offers practical perspectives and insights.

To help you navigate this guide, we divided it into three main sections: PLAN, IMPLEMENT and MEASURE. We also included a bonus section on the human and system efficiencies that come when you AUTOMATE your programme. In each section find the information and tools you need to write effective policies, evaluate your policy and procedure management programme and improve your organisation's position by measuring and analysing the impact of your programme.

CONTENTS

INTRODUCTION

What Is Policy & Procedure Management and Why Is It Important?

What Is Policy Management?

Simply put, *policy management* consists of the practices associated with managing your organisation's policies or procedures throughout all stages of the policy life cycle—including drafting, editing, approving, updating, distributing, gaining employee attestation and maintaining an auditable database of records. *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 guide, we recognise that many organisations manage more than just policies within their policy management system. The word *policy* includes codes of conduct, standard operating procedures and other documents.

Policies and procedures are the backbone of your organisation. They are a dynamic body of shared standards used to strengthen and support your organisation's success. Having the necessary policies and procedures in place—as well as a system to manage compliance with those policies—will help you accomplish your organisation's strategic vision while protecting its people, reputation and bottom line.

Your organisation's vision, mission and values serve as its "north star" for policy and procedure development. But creating, maintaining, communicating and training on your policies requires a significant effort. If your team becomes buried by onerous policy management

tasks, they will likely regard policies and procedures as many companies do—as a necessary evil and an inconvenience.

But your team cannot afford to think this way. You must champion the idea that policies change behaviour, alter decision-making and serve to advance the core objectives of your organisation.

When properly managed, communicated and enforced, policies:

- » Convey the organisation's mission and enable the execution of its strategy
- » Ensure that employees clearly understand expectations and consequences
- » Influence employee behaviour and decision-making
- » Create a positive and respectful workplace
- » Foster credibility and trust with customers and business partners
- » Improve productivity and business performance
- » Ensure the organisation meets all legal standards required to operate
- » Help the organisation avoid litigation and mitigate risk
- » Identify, prevent and respond to criminal conduct
- » Protect the organisation's people, reputation and bottom line

A Broader Perspective on Policy Management

Policies, procedures, codes of conduct and employee handbooks have existed for ages, but the art of "policy management" as a business practice is relatively new.

Modern policy management takes into account the critical role that policies and procedures play in protecting an organisation. Effective policy management—strong, well-managed policies and procedures integrated across the enterprise—sets standards for conduct that result in improved performance and enhanced corporate culture.

Best practices in policy and procedure management include a wide range of activities beyond storing documents in a binder or file-sharing system. First and foremost a strong and integrated policy management system helps create an ethical culture. In well-run organisations, executives use the code of conduct to set the tone from the top about the value and the importance of abiding by the organisation's policies and procedures.

Other key activities of policy management include:

- » **Keeping up with Changes**
  Policies must be regularly updated to reflect ever-evolving legal and industry regulations and requirements.

- » **Version Control**
  Policies must be tracked enterprisewide to ensure that employees have access to the most current version of each policy and procedure. This includes maintaining current parent/child versions of policies and procedures, as well as translations of the most current versions for international audiences.

- » **Training and Communication**
  Regularly training employees on the critical importance of organisational policies has a positive impact on their perspectives and conduct.

- » **Enforcement**
  Companies must have a system in place to receive and resolve reports of wrongdoing. One of the most effective ways to communicate the importance of policies is to promptly investigate allegations and enforce policies when violations occur.

- » **Attestation and Certification**
  Employee attestation to policies must be tracked and accessible in case of audits or lawsuits.

- » **Measuring and Improving**
  Companies must implement a way to track incident reports and investigations, training effectiveness, attestation and other measures of policy management success to target areas that need additional improvement.

The Stakes Are High

The stakes are high when it comes to policy and procedure management. With the continuous growth of legal and regulatory requirements, complex business operations, global expansion and employee litigation, organisations need a cost-effective, comprehensive and integrated approach to managing their policies and procedures globally and enterprisewide.

According to a 2016 NAVEX Global survey, almost half of organisations manage more than 100 unique policies, procedures or other related documents.[1] This makes policy management a massive task. Adding to the confusion and redundancy in policy management, different departments typically own various parts of each of these documents. As a result, organisations may underestimate the number of documents they have or may not even know how many are in their purview to manage.

In fact, the survey indicated that most organisations are not very satisfied with their existing policy management programme, with less than 40 percent ranking any attribute of their system *Very Good or Excellent*.

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1. NAVEX Global (2017). *2017 Ethics & Compliance Policy Management Benchmark Report.*

Are you one of those companies? Below is a short poll to help you consider the strength of your organisation's current system.

If you cannot readily answer yes to all of these questions, your organisation could be exposed to significant risk.

» Do you know the last time your complete business policies came under review?

» Is each of your policies reviewed periodically by your legal department to ensure compliance with current laws and regulations across domestic and international operations?

» Do you know who creates all of your policies, as well as the standards and methods used to implement and enforce them?

» Do you maintain meticulous attestation records indicating that your employees have read and understood the policies that apply to them?

» Can your employees find the most current version of any assigned policy in less than three minutes?

The case examples to the right highlight the importance of keeping policies current and documenting how often employees are trained on or reminded about policies.

Are Your Policies Keeping Up?

In addition to maintaining existing policies, keeping up with the pace of change in your particular industry should be a priority. Given the staggering pace at which business and funding conditions evolve, policies and procedures must reflect current realities. Ask some key questions to ensure your policies are aligned with rapidly changing business conditions

CASE STUDY **1**

CASE STUDY **2**

Island Hospital

Streamlining Procedures, Boosting Compliance and Reducing Staff Overload

Island Hospital in Washington State has 750 employees, including more than 190 physicians and healthcare providers. The hospital's accreditation process requires it to keep detailed records of hospital procedures and internal audits—including audit findings and remediation. Hospital personnel used to exchange dozens of emails discussing how to address each audit finding. Unfortunately, these long email discussions were burying critical information. After purchasing policy management software, Island Hospital was able to systematically update and standardise its 2,000 policies and procedures. This established a clean, approved version of each policy and procedure. Even better, the hospital could create a template for safety violations, generate specific corrective action plans and automatically follow up with appropriate staff. With thorough, systematic and easy-to-access documentation, policy and procedure management software helped the hospital better maintain and document compliance with accreditation requirements—saving approximately one hour of staff time per audit and about three hours of staff time on each follow-up per audit.

Morgan Stanley

In 2012 the U.S. Department of Justice (DOJ) declined to prosecute Morgan Stanley when employee Garth Peterson violated the Foreign Corrupt Practices Act (FCPA). The following DOJ statement explains the decision.

"Morgan Stanley's internal policies, which were updated regularly to reflect regulatory developments and specific risks, prohibited bribery and addressed corruption risks associated with the giving of gifts, business entertainment, travel, lodging, meals, charitable contributions and employment. Morgan Stanley frequently trained its employees on its internal policies, the FCPA and other anti-corruption laws. Between 2002 and 2008, Morgan Stanley trained various groups of Asia-based personnel on anti-corruption policies 54 times. During the same period, Morgan Stanley trained Peterson on the FCPA seven times and reminded him to comply with the FCPA at least 35 times. Morgan Stanley's compliance personnel regularly monitored transactions, randomly audited particular employees, transactions and business units, and tested to identify illicit payments. Moreover, Morgan Stanley conducted extensive due diligence on all new business partners and imposed stringent controls on payments made to business partners."

Keeping Up with the Pace of Change: Questions to Ask

Workforce

» Has the nature of your workforce changed?

» Has the way your employees do their jobs changed?

Operations and Business Structure

» Have there been changes to products, services, funding sources or delivery methods? Are you now outsourcing certain jobs?

» Have certain departments taken on additional responsibilities or oversight? Have your operating budgets changed?

» Are you offering customers new ways to pay?

Leadership

» Do your policies reflect shifts in direction resulting from new leadership?

Technology

» Do your policies reflect technologies currently in use?

» Do employees use their own tech devices to perform their job functions?

» Is your business technology keeping pace with your customers' technology? With your competitors'?

Compliance and Legal

» Are your policies completely in accord with new laws and regulations?

» Is your policy language clear and explicit?

» Have employees attested to these policies with electronic signatures?

The Value of Policy & Procedure Management

Effective policy management programmes reduce legal cost and resolution time. More than 40 percent of organisations in a recent survey[2] faced legal or external regulatory action where a policy came under review as part of the action or defence. More than 68 percent of those organisations believed that their policy management programme reduced legal costs and the time it took to resolve regulatory issues and fines. Those with standardised policy management software were 20 percent more likely to believe that this is true than those without. This represents a significant cost savings for an organisation—not to mention the benefits to an organisation's reputation.

Using the steps outlined in this guide, you can develop your organisation's policy practice to fulfill multiple functions:

» Communicate your organisation's vision, mission, code of conduct and strategic plan

» Articulate and build your desired culture

» Drive standards for business conduct

» Shape, guide, optimise and protect performance at every level

» Help ensure regulatory compliance

» Minimise risk by reducing litigation and liability

Organisational leaders have a responsibility—legal, financial and ethical—to make policy management a priority. To transform your policy management practices, there are seven key steps:

1. Assemble the right team

2. Define your approach

3. Prioritise policies and procedures

4. Manage documents throughout the life cycle

5. Assess your current approach

6. Compare alternatives for improvement

7. Determine a course of action and implement it

The remainder of this guide is designed to help you understand each of these steps in greater detail.

2. NAVEX Global (2016). *2016 Ethics & Compliance Policy Management Benchmark Report*.
3. Thomson Reuters (2013) via Hiscox (2015). *The Hiscox Guide to Employee Lawsuits: Employee Charge Trends Across the United States*.
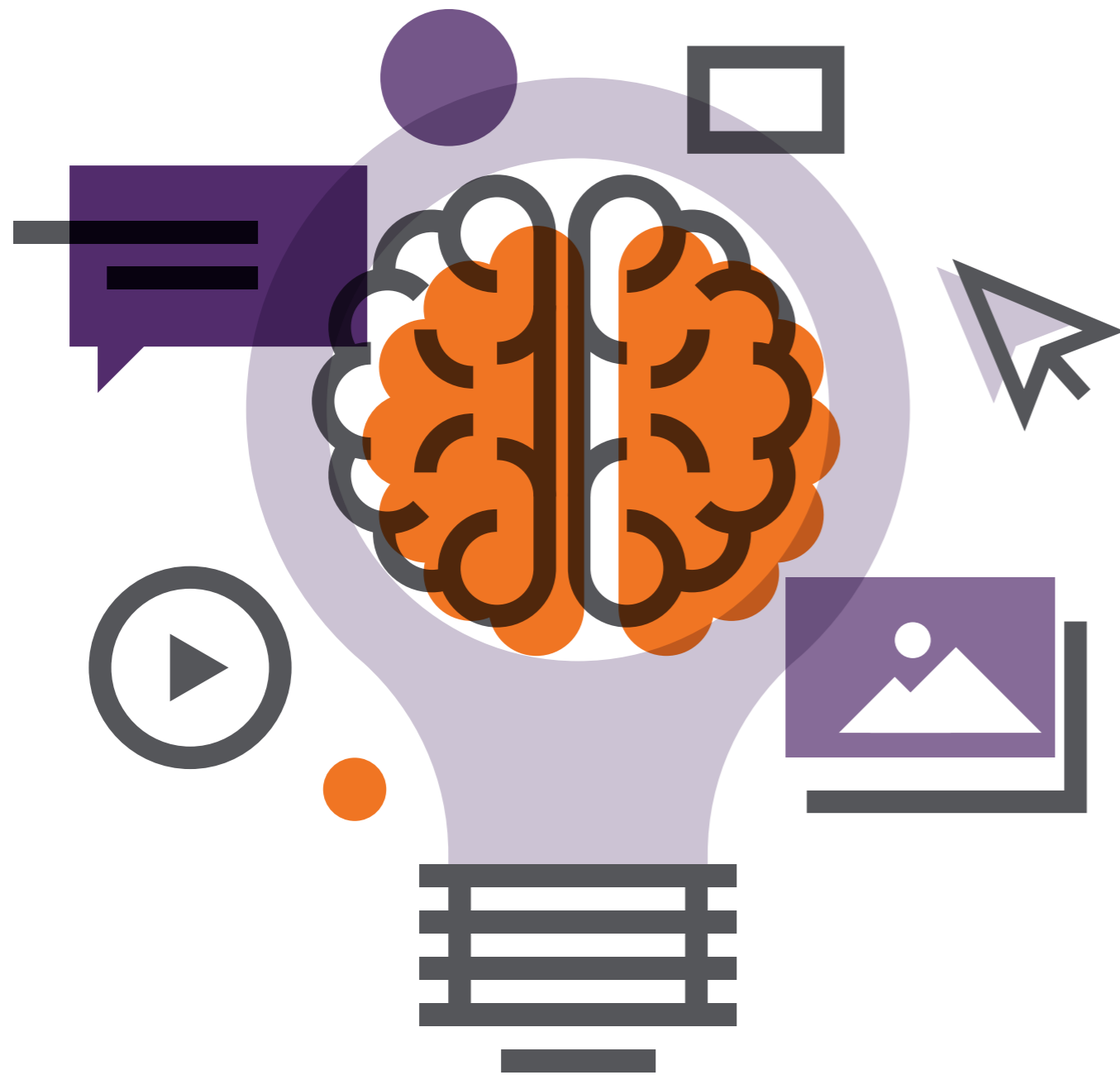
PLAN

Build a Strong Foundation for Policy Management

> *"Someone has to be given responsibility for managing the centralised process. It can't be an untended garden; it's a labour of love to do a great job managing policies."*
>
> Ingrid Fredeen, Vice President
> Advisory Services, NAVEX Global

This section provides tools and templates for getting started with your policy and procedure management programme. No matter how robust your current programme is, these steps provide a strong foundation for your policy management practice.

1. Assemble the right team
2. Define your approach
3. Prioritise policies and procedures

Assemble the Right Team

There is one consistent, all-important element of your policy management approach: people. While the right technology can transform the nature of policy management, technology does not make strategic decisions or determine content. Your people do. The following framework identifies the key roles and responsibilities in policy and procedure management.

The Policy Oversight Committee

A Policy Oversight Committee of senior leaders and key policy stakeholders is responsible for developing and implementing policies, procedures and controls throughout the organisation. The committee ensures alignment with the organisation's vision, mission and values at the heart of its business. These leaders also set a tone of enterprisewide respect for policy practice by making policy management a priority worthy of time and resources.

Generally speaking, a Policy Oversight Committee should represent the following groups:

» Senior leaders with governance responsibilities who monitor and approve policies

» Leaders representing key areas connected to policy implementation, including compliance, legal, risk, information technology, security, quality and human resources

» Leaders of broad employee segments affected by the policies

» Policy administrators with oversight of the policy and procedure process

The Policy Oversight Committee delegates roles and responsibilities to other groups of policy stakeholders, which include the following.

Document control administrators (also known as policy coordinators) are in charge of all policy and procedure management functions, particularly when an organisation uses policy management software. The best document control administrators are effective trainers and skilled facilitators because they are responsible for guiding others through the policy creation process.

Document owners and authors monitor the implementation and life cycle of the policy from the time it is enacted. The owner is typically the same as the author, although separate people who work closely together may author and then own the policy. Document authors write a policy and manage the various stages of its revision. It is essential that the author is well versed in issues relevant to the policy (especially laws and regulations) and capable of producing a clear, direct, complete policy document.

Reviewers are assigned by the document owner and have the option to accept, reject or revise a policy under review. Reviewers evaluate existing and new policies during all stages of the policy management life cycle.

Approvers have similar responsibilities to reviewers, but they also have the authority to give final sign-off when a policy meets the criteria to be enacted. A reviewer may or may not also act as an approver.

Additional stakeholders are often called upon by the document owner or author to take part in the development process, including research, brainstorming and the creation of policy outlines. These additional contributors may include subject-matter experts, employees affected by a given policy and nonemployees who are integrally linked to operations (such as government agencies, creditors and unions).

Additional Roles to Consider

Proxy authors write documents on behalf of a document owner who may be too busy but needs to maintain ultimate responsibility for the document.

Collaborators are content or subject-matter experts who can help write sections of the document pertaining to topics that are unfamiliar to the document owner.

Translators translate documents into other languages before they are approved.

Brainstorming Committees can be helpful to the process with the use of surveys, small-group meetings on specific topics and policy management software.

Other responsibilities include distributing policies and managing the promotion or awareness efforts around the policy release. Policies that represent areas of particularly significant risk to people or the organisation should be carefully implemented with training programmes, include assessments to measure comprehension and require attestation of readership by employees.

Finally, someone on the team needs to bear ownership of maintaining critical documentation for audit and reporting purposes.

Define Your Approach

As with any management practice, you should have a strategic approach that serves as the foundation for every step that follows. If you don't already have one, develop a vision statement or declaration document to serve as a reference point for policy creation. The code of conduct should serve as an integral way for the executive team to communicate this vision and the importance of heeding all policies and procedures. If

you have polices or procedures that do not support your vision, they should be eliminated or modified, or your vision should be modified to reflect them.

The Meta-Policy: Creating a Policy on Policies
Among a Policy Oversight Committee's chief tasks is creating a policy on policies—a *meta-policy* that establishes the approach to the policy life cycle from creation, review and approval to distribution, tracking and updating. Defining consistent guidelines and processes for creating and managing organisational policies is critical to having policies that consistently work toward the achievement of your vision.

> "A policy should not be able to get into the central repository unless it follows the meta-policy, so you have that nice circle of control."
>
> Lisa Bennett Hill, President and Chief Analyst, Policyscape Consulting, and Consulting Analyst, GRC 20/20 Research, LLC

Prioritise Policies and Procedures

Having too many policies burdens the organisation, but having too few exposes it to unnecessary risk. Prioritise which policies you will develop (or revise) first. As a rule of thumb, policies are necessary when they define organisational values or mandates, address regulatory obligations or manage potential risk or liability.

Consider the following questions as you prioritise your policy development efforts. This list could be used to select the order in which you tackle policy creation or updates, or it might be used to identify policies that can be consolidated or eliminated altogether.

BEST PRACTICE:

Documenting the Policy Development Process

Policy management consists of the practices associated with managing your organisation's policies or procedures throughout all the stages of the policy life cycle, including drafting, editing, approving, updating, distributing, gaining employee attestation and maintaining an auditable database of records.

20 QUESTIONS FOR PRIORITIZING POLICY DEVELOPMENT EFFORTS

1.
Does the document communicate executive direction such as vision, mission, values or objectives?

2.
How critical is the document to achieving your vision, mission, values and goals?

3.
How integral is the policy to the success, support and enablement of daily operations?

4.
How urgent is the need for written directions on this particular subject?

5.
How unclear or complex is this issue to the average employee?

6.
How often will employees refer to the document?

7.
Is the policy integral to establishing or shaping your culture?

8.
How many employees are affected by the policy?

9.
What are the potential consequences of not having the policy or of its being outdated?

10.
Is this policy critical to workplace health or safety?

11.
Could the lack of this policy result in harm to people?

12.
Could the lack of this policy halt or slow operations?

13.
Is the policy required or recommended by local or federal law?

14.
Have recent events necessitated changes to or the creation of a policy?

15.
Is the policy required for regulatory compliance?

16.
Is the policy required for a certification audit?

17.
How probable or likely is an incident or violation of this nature to occur?

18.
How serious would the ramifications be if an incident arose and no policy existed or a policy was outdated?

19.
Would the policy resolve existing challenges?

20.
Might the lack of the policy lead to reputational damage or misrepresentation by an employee?
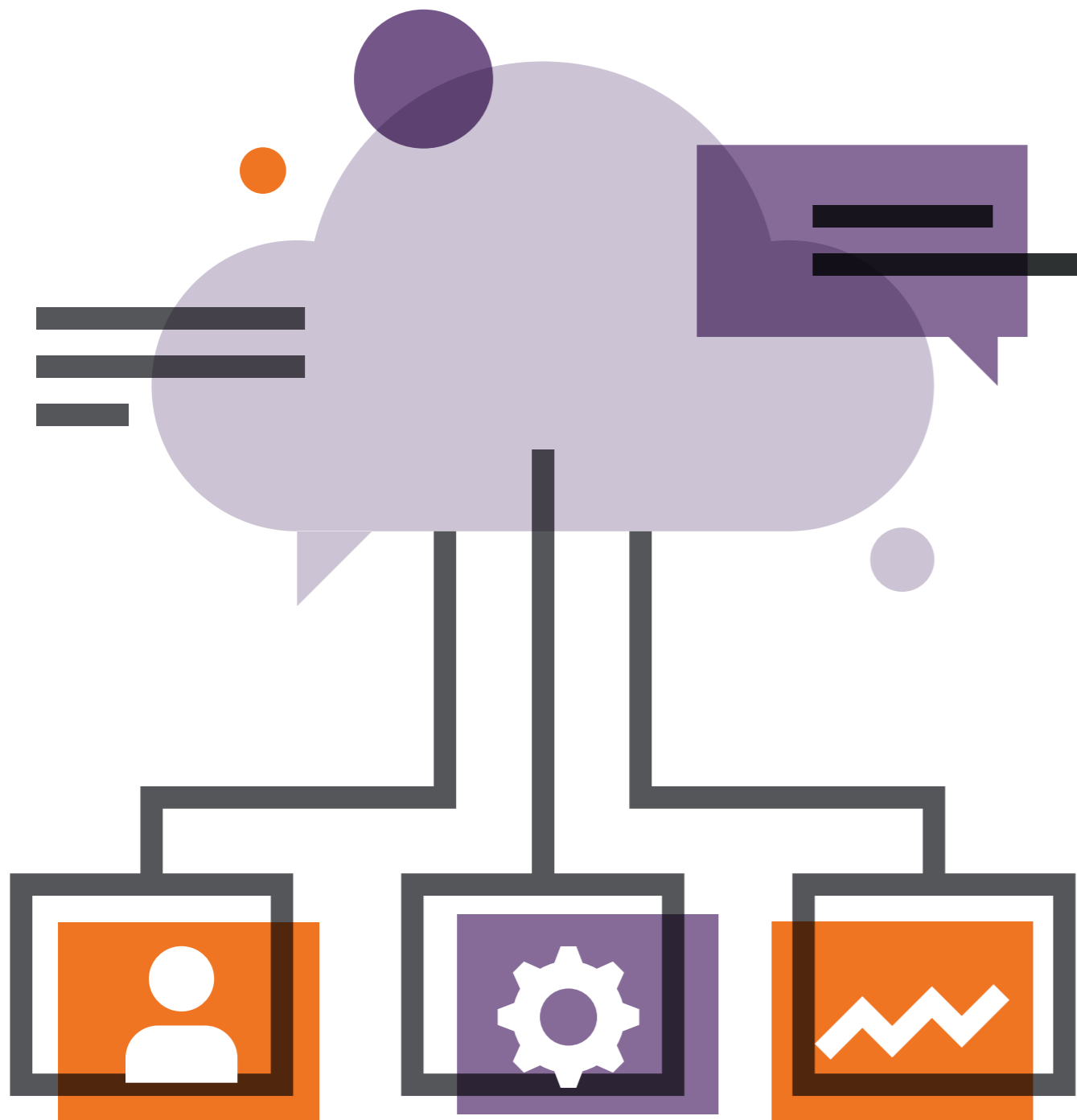
IMPLEMENT

Write and Manage Effective Policies

With clearly defined roles and a strong framework in place, you are ready to begin writing and editing policies. Follow your priorities and work toward your policy objectives. Continually evaluate whether your policy development efforts are in alignment with the organisation's strategic objectives.

The Four Stages of the Policy Management Life Cycle

1. Research and create
2. Review and approve
3. Distribute and train
4. Track and update

The First Stage of the Policy Management Life Cycle: Research and Create

The first stage focuses on how to write a policy draft, including the important elements of a policy, the process, the writing style, and design and legal considerations.

The Writing Process

Research

Before beginning to write, the policy owner—and writers assigned to the policy—should gather relevant information from a broad range of perspectives, both internal and external.

Internal

Employee feedback
Risk assessment
Incident reports in the case management system
Quality and compliance feedback
Governance feedback

External

Legislation
Regulations
Customer feedback
Best practices
Example policies from other compliant organisations

> *"Creating policies is not—nor should it be—a routine. Processes may need to meet highly specific regulatory requirements, create a corporate ethos, or back up social responsibility statements."*
>
> Ben Kerschberg, Contributor, Forbes magazine

Brainstorm

Key stakeholders and subject-matter experts may meet to discuss and further define a policy or procedure's purpose, audience, strengths and weaknesses, metrics for evaluation, and impact on other policies and procedures.

Outline

After researching and brainstorming the content with stakeholders and subject-matter experts, it is time for the owner or author to take the information researched and brainstormed and create an outline. The outline should reflect the different perspectives and feedback shared by stakeholders and subject-matter experts.

Writing Style

Policies and procedures should be direct, without room for interpretation, but they should not come off as hostile or condescending. Policies should be written in the same professional voice regardless of the target audience.

The importance of clarity cannot be understated. Conflated, convoluted, circuitous statements thick with jargon will impress a point on no one. To be certain that the policy means what it says and says what it means, policy content must be unambiguous, grammatically correct and error-free.

Basic Elements of a Policy:
What Every Document Needs

Policy title
to simplify references to the policy

Rationale
that briefly states why the policy exists or why a new policy is replacing an old one—with a focus on how the policy benefits the organisation and the user

Definitions
(including keywords) to guard against ambiguity and misinterpretation

Scope statement
that stipulates whether the policy is limited to individuals in certain roles or with certain responsibilities or whether it applies more broadly to departments or the entire organisation

Related documents
that provide context and background, including links to those documents

Key dates
to identify when the policy was written, implemented or altered

Writing Tips

» Make sure wording is clear, precise and easy to understand.

» Ensure that policies and procedures are complete, accurate and in proper order.

» Do your best to know the applicable laws and regulations—and make sure the policy complies.

» When determining what to include in your policies, consider the informal and unwritten rules as well.

» Use careful wording. For example:

- Avoid promissory language. The word *will* means that you are committed to that position or action. The word *shall* is the strongest legal commitment you can make.

- Watch out for "weasel words" such as *can, may, must, ought, could, should*, and *might*.

- Watch out for absolutes such as *always* and *never*.

- Don't use wording that restricts the organisation's ability to act or that unwittingly forms a contract.

- Reserve the right to make changes.

» Be prepared to enforce whatever you write. If you write something without intending to enforce it, you are better off not writing it.

» Clarify who is required to read and follow the procedure.

» Make sure you are clear about who is responsible for each step in the procedure.

» Be specific about the consequences of noncompliance.

» Consider if the procedure is written in a safe, reasonable and fair manner.

» Do not allow policies to become obsolete or inapplicable.

» Always remember the policy and procedure motto: *Say what you mean—and do what you say!*

Formatting: Looks Matter

It is important to use a standardised format for policies. Fortunately, you don't have to be a graphic designer to create engaging documents. Here are some tips for improving a layout:

» Break up sections with headings and subheadings.

» Use bullets or numbers to define a list.

» Include images, tables, flowcharts, graphs and quotes.

Policy management software helps control the look and feel of policies by providing and restricting document creation to templates you have created or uploaded, to ensure consistent formatting across the organisation.

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BEST
PRACTICE:

Consistent Terminology

Achieve clarity by using consistent language and terminology. Terms such as *web, Internet* and *online* are often used interchangeably. Your information technology (IT) people know the difference; make sure those on the Policy Oversight Committee do, too. Pick one term and use it consistently throughout all organisational policies.

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11 Commandments of Policy Formatting and Writing

Thou shalt...

1. Use the same template for each policy so that employees know where to look for key information.

2. Limit policies and procedures to one or two pages. If more pages than that are required, consider dividing up the policy or procedure into smaller topics.

3. Put new policies or procedures on a separate page instead of front-to-back. Putting policies and procedures in a booklike format may require fewer printed pages, but it will confuse readers and look intimidating. It is not effective.

4. Use bullets and lists to organise information. This makes the document easier to follow.

5. Make sure the title describes the policy or procedure and distinguishes it from similar documents.

6. Keep sentences short. A good rule of thumb is a maximum of 21 words. One study showed that sentences with 33 words or more lost two-thirds of readers.

7. Keep paragraphs short. Long paragraphs are intimidating and hard to read. Four or fewer lines is optimal, if possible.

8. Keep lines short. Text lines that run on forever are hard to follow. If possible, consider formatting the policy to 30 characters wide.

Thou shalt *not*...

9. Use long words. Long words hurt readability. A good rule for words of three or more syllables is to use them sparingly—if at all.

10. Write in the passive voice. Instead use active verbs to make the reader more accountable and the writing more interesting and easier to comprehend.

11. Use vague modifiers such as *proper, relevant, appropriate, timely, normal, sizable* and *small*. These modifiers raise more questions than answers. Be specific. For example, when explaining size directions, you wouldn't say, "Build a large fence." Rather, you should give specifics such as "Build a 6-foot-high fence."

With a policy draft completed, it is time to circulate the document among key stakeholders for review and feedback. The next section takes you through the three remaining stages of the policy management life cycle: review and approve, distribute and train, and track and update.

The Second Stage of the Policy Management Life Cycle: Review and Approve

To ensure that your policies align with your governance principles and the meta-policy, a document control administrator should oversee the entire policy life cycle for all policies, including drafting, reviewing and editing policies before final approval, distribution and training.

Policies proceed through a number of iterations before they are published. Rarely, if ever, does the first draft of a policy meet the criteria for approval. In fact, this should not be the goal. To develop an effective policy system that supports, advances and protects your business, policy development must be viewed as an ongoing process that requires careful attention, time and resources.

BEST PRACTICE:

Legal Review

The organisation's legal experts should review your policies to ensure that they reflect current laws and regulations. Every one of your organisation's policies should hold up under legal and public scrutiny. If a policy seems only marginally defensible, you are inviting liability, litigation and risk by implementing it.

With a draft complete, the owner submits a document to the reviewers. Reviewers ensure accuracy, completeness and alignment with the preestablished guidelines of the meta-policy. If necessary, reviewers provide suggestions on how to improve the process or procedure, recommend ways to better communicate ideas in the document and identify and correct errors.

The review cycle can be laborious. Reviewers may have differences of opinion, miss deadlines or fail to provide feedback at all. The policy owner has to work with them to collect and consolidate feedback, reconcile disagreements and make requested changes. Some documents require several rounds and varying levels of review. For example, first-round reviewers might edit the document for content and readability, second-round reviewers might ensure legality and third-round reviewers might look at strategic alignment.

Once reviewers have signed off on a document, it is forwarded to those with the authority to approve it for publication. The approval stage can also result in a few iterations, but typically by this stage most major changes have been made and only minor changes are necessary. Upon approval, the policy is official and part of the organisation's greater body of policies. Approval also transforms the policy into a legal document in the eyes of the law. But simply creating, reviewing and approving a policy is only half the battle—you still need to distribute, track and update it when necessary.

The Third Stage of the Policy Management Life Cycle: Distribute and Train

You cannot simply publish a policy and expect employees to read it, understand it and refer to it as needed. Employees must be notified, reminded and directed where to find policies and any actions required.

Before rolling out new policies, the document control administrator will develop a distribution strategy to advise employees that policy changes are forthcoming and, if necessary, prepare them to adjust to those changes.

Audience

Keep in mind that not every policy needs to go to every employee. Determining the relevant audience for each policy and procedure can help prevent overwhelming users with information that doesn't apply to them.

Methods of Distribution

There are three common methods of policy and procedure distribution:

» Printed copies (binders or manuals) delivered physically to the employee

» Electronic copies hosted on an intranet, shared drive, server or hard drive, with manual email notifications for delivery

» Electronic copies hosted on policy management software, with automated email notifications, attestation and reporting

Three Methods of Distribution: Pros & Cons

	Pros	Cons
Printed copies	» You make a personal impression about how important the document is at the time of delivery. » While handing out the document, you can answer questions people may have. » People have a copy of the policy or procedure for easy reference. » The policy is tangible.	» This method is time consuming. » There is a cost of manual distribution in employee time. » There is a cost for paper and binders. » Hard copies are often filed or discarded. » Changes require a new hard-copy for each employee. » Maintaining hard copy policies discourages frequent updates. » Obtaining signatures on thousands of documents can be impractical, if not impossible.
Emailed copies	» Appropriate staff members receive a digital copy to which they can refer. » Distribution is much faster than hand delivery or shipping. » The cost of printing or photocopying is reduced and in some cases eliminated.	» It may be difficult to find where a document is stored or saved. » There is a risk of employees referring to outdated document versions. » Extensive tracking is needed to confirm that emails are sent to the right people, especially new hires. » Using emails as proof that documents were read may not stand up in court (see *Campbell v. General Dynamics*).
Policy & procedure software	» Readers are automatically assigned to procedures based on roles, job titles or their departments. » New employees receive instant, ongoing notifications of required readership tasks based on their job description. » Employees are required to attest electronically that they have read and understood the document. » Quizzes can measure individual reader comprehension. » Real-time reports show who has read which documents. » Employees can easily find policies at any time, at any location, with advanced search capabilities. » Database of record allows for quick, accurate and defensible audits.	» Document-sharing software that is not specifically designed for policy management may require a significant financial investment and ongoing IT involvement to configure and maintain it. » The cost of software may be a factor; however, top-tier policy management software is designed to be implemented, maintained and updated with minimal disruption and cost, generating a strong return on investment.

Ongoing Accessibility

Distribution should inform users how to gain speedy and continuous access to policies through a central repository. When employees cannot quickly find what they are looking for, they will give up and do what they think is best—or they will ask someone else, who may not truly understand the policy, either. Neither option leads to a standardised quality of services or product.

The following are some recommendations, depending on the type of system you will be setting up. Whichever method you choose, having a centralised policy management system that enables you to automatically search, catalogue and archive documents will minimise your frustration and risk.

Paper/Binders	Intranet/Network Posting	Software
» Have a set of binders in each department. » Try to keep in that department only the documents that apply to those employees. » Maintain a current table of contents for each department in each binder. » Make sure the titles of documents are self-explanatory so that employees can find them (with most-searched-for words at the beginning of the title, if possible). » Exchange newly approved policies or procedures for outdated ones as quickly as possible to avoid different employees following different and possibly conflicting, procedures. » Remove outdated copies from binders and archive them. » Archiving is best done in a secure area—a fairly large bookshelf that can hold many binders is required. » Keep tables of contents in archived binders current in case of an audit or lawsuit. » Keep archived policies and procedures for at least seven years (some suggest much longer for sensitive policies). » If you have regulatory guidelines with which you must show policy compliance, it helps to create a spreadsheet with each document linked to each regulation with which it complies.	» Design a site or folder structure that is easily navigable. » Although it may require posting duplicate documents in different folders or pages, it will be easier for employees if you can guide them to a folder or page that is customised for them. » Ideally, you will have a search tool. » Make sure the title contains relevant keywords so that employees can search for and find it. » Add new documents as they are approved. » Make sure you remove all outdated copies. » Create a policy that your IT team will agree with and where they post new policies or procedures at a certain time on a daily or weekly basis. » Maintain a binder/bookshelf structure similar to that for a paper-based system because you will need to keep hard copies of all approved policies and procedures. » Use a spreadsheet to link to regulatory guidelines.	» Ensure that the software is easy to navigate (or it won't be used). » Look for the ability to map policies to risks, controls, regulatory requirements and investigations so that the organisation has a comprehensive view of policies as they relate to other areas of governance, risk management and compliance. » Software should have attestation and approval workflows so the right people see the right content at the right time, as well as have a legal record showing each person has attested to the policy. » Make sure there is a powerful search tool by title, keyword and full text. » Software should automatically publish new policies when approved and notify relevant employees. » Software should have a compliant electronic signature system to avoid having to keep hard copies outside the system. » Software should automatically archive old policies when new ones are approved. » Software should link documents to regulations and make them easy to retrieve by regulation. » Software should not require considerable configuration, constant updates and ongoing dedicated IT resources. Look for software specifically designed for policy management, requiring minimal IT involvement, with client control over the system on an ongoing basis.

Training

Every organisation must have an effective process for educating employees about the policies and procedures they are responsible for following.

IT research and advisory firm Gartner suggests a five-step, closed-loop process:

1. Educate employees
2. Monitor employees' activities
3. Take action when you become aware of behaviour that does not follow organisational policy
4. Explain the steps that were taken and why
5. Re-educate employees about changes

With Gartner's recommendations in mind, there are several methods for training employees on new policies and procedures and assessing their comprehension:

» Quizzes
» Brief discussions at staff meetings
» In-service training
» Online training specifics such as "Build a 6-foot-high fence"

Even the best training and education can quickly fade if key points are not made regularly enough or if employees cannot easily refer to the original policy or procedure.

NAVEX Global's *Definitive Guide to Ethics & Compliance Training*, available at *www.navexglobal.com*, has tips on optimising your organisation's E&C training programme.

The Fourth Stage of the Policy Management Life Cycle: Track & Update

In the last stage of the policy management life cycle, establish and document methods to track conformance with the policy and its continued relevance.

Policies can become quickly outdated, as laws, technology, work habits and social factors change. From legal and quality standpoints, outdated policies and procedures are a liability, so policy development must be a continual process.

Policies should be reviewed at a minimum of once a year to determine the need for revision. The review should ensure that policies stay relevant, accurate and current with the industry and still solve the problems they were meant to address.

The update period is also an appropriate time to decide when new policies might be needed to further support existing polices or when reauthorisation or retirement of a policy is necessary.

When reviewing policies, it is important to maintain version control to make sure that only the current version of a policy is accessible to employees. Failure to do so can lead to employees' making decisions based on outdated or incorrect information. Additionally, outdated documents should be archived for easy access in case of an audit or investigation or for building a legal defence.

So how do you keep them fresh and timely?

» One method is to track policies and procedures in a spreadsheet. You could make a list of all the policies and procedures you are in charge of, when they were written and when you should update them next.

» Another, better method is to schedule policy and procedure reviews on an electronic calendar with alerts, available with the best policy and procedure management software.

The Four Stages of the Policy Management Life Cycle

Research & create

Review & approve

Distribute & train

Track & update
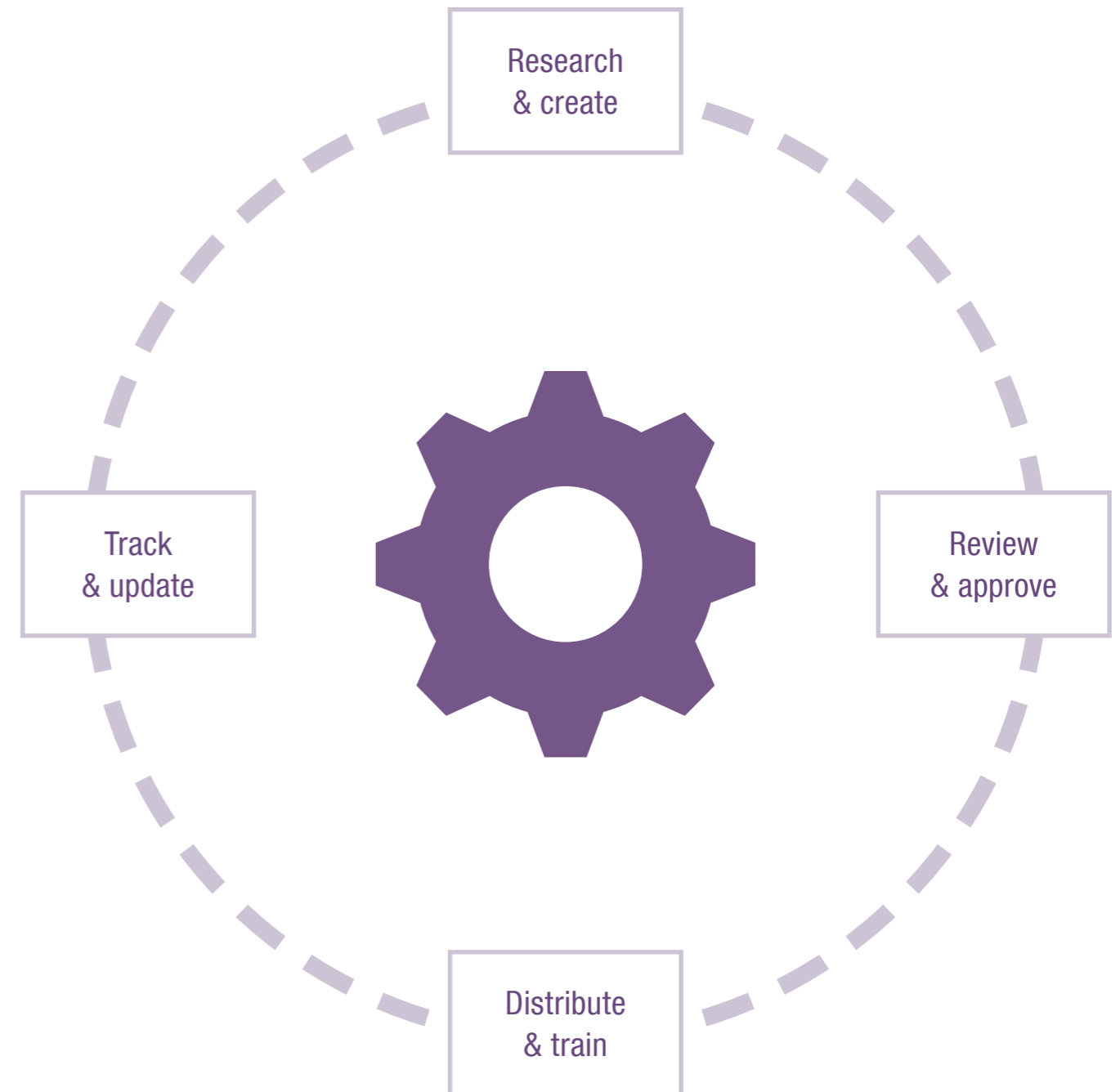
MEASURE

Evaluate & Improve Policy Management Processes

> 💡 *"Policies are the vehicles that communicate and define values, goals and objectives so that culture does not morph out of control. But the policies must also be well managed so that they are both effective and efficient tools to help the organisation stay on the path it chooses."*
>
> Michael K. Rasmussen, JD, OCEG Fellow, CCEP, OCEG, CISSP; Chief GRC Pundit, GRC 20/20 Research, LLC

This section provides tools for assessing policy management practices, and it outlines the pros and cons of different approaches to managing policies and procedures.

Assess Your Current Approach

First ask a series of questions to evaluate your current policy and procedure management programme and your use of software to standardise and automate key processes. This is not meant to be a comprehensive assessment; rather it is a tool to broadly evaluate key areas of policy management. You can use the results to address specific areas of your programme, prioritise improvements and build a case for policy management software.

Compare Alternatives for Improvement

For organisations struggling with policy management systems or processes, failure to make changes presents serious operational and legal risks. It can also represent misalignment among governance, strategy and execution.

Incremental changes in people and processes may shore up certain areas, but ultimately they are simply bandages. Sometimes even sweeping changes to the people and processes that govern your policy management practices may not adequately address the root causes of policy management failures.

Policy and procedure management is frustrating and time-consuming when systems lack centralisation, automation, standardisation, distribution and tracking. Manual approaches that rely on printed manuals or binders, an intranet, computer desktops, hard drives, USB drives and email do not fully addresses the litany of challenges associated with a lack of centralisation, a lack of automation and limited distribution.

Effective management of even a single policy can require significant effort. Managing and coordinating the work of subject-matter experts, reviewers and approvers; publishing in a timely manner; ensuring that readers can access the appropriate documents; and evaluating readership requires organisation, documentation, attention to detail, discipline and frequent communication. When this effort is multiplied by each and every important document in your organisation, even the most talented manager will fall short and need the help of additional personnel and systems.

Without automation, controlling processes is an overwhelming task; human error is inevitable, and the end result can be costly. Failure to fully implement policies can hurt operational efficiency and lead to outdated polices. The lack of an audit trail is even more problematic—opening the door to legal liability. The bottom line is that no matter how proficient you are at managing processes around policy management, the size and complexity of the task requires automation to create a centralised, standardised and controlled environment.

Build or Buy?

There are a number of factors and risks to consider with a build-your-own approach.

» Building a policy management system is a labour-intensive process that requires significant development and administrative resources over a considerable period of time.

» The capital cost of building a customised solution is the highest of any alternative—and thus bears the highest risk.

» The ongoing resources required to support and maintain the system come at a significant cost that is often greater than expected.

» The implementation time for building your own policy management software is by far the longest of any of the alternatives.

» Home-grown solutions often lack specialised capabilities of a system specifically designed for managing policies, such as workflow flexibility, extensive audit-trail capabilities, attestation, quizzing, tracking, advanced search, tagging, version control and security.

» Leading policy management systems have been around for more than a decade and have been through years of development, real-world testing and refinement. Organisations building from scratch will have a long road ahead to get the system just the way they want it.

» Getting additional features or capabilities approved and prioritised in the queue of IT projects after the initial project is complete can be a challenge.

» Many organisations struggle through implementation and maintenance of homegrown solutions only to later abandon the effort and the investment in favor of a more desirable and affordable purchased solution.

In the end, the cost of training, maintenance and management time, let alone the inconsistencies in document creation and categorisation, as well as the legal ramifications make building your own system a risky venture.

By comparison, commercial policy management software is an economical, efficient, effective and safe approach to solving the complex and diverse challenges of policy management. For most organisations, realising the full potential of the policy management function will require an automated policy solution.

> With an automated solution being the obvious choice, a common question is: *Should I build a solution that meets our very specific needs, or should I buy a policy management solution?*

See How You Are Doing with Policy Management

Paper/Binders	Strongly disagree	Somewhat disagree	Undecided/ unsure	Somewhat agree	Strongly agree	We use software to help with this
1 **Policies** We have policies and procedures that communicate leadership vision, define our standards of conduct and reflect our risk profile.	◯	◯	◯	◯	◯	◯
2 **Consequences** Our policies set clear expectations about appropriate conduct and consequences for violating policies.	◯	◯	◯	◯	◯	◯
3 **Enforcement** Alleged misconduct and violations are investigated, and policies are promptly and consistently enforced.	◯	◯	◯	◯	◯	◯
4 **Perception** Our employees view our policies and procedures as integral to our daily operations and the achievement of our mission.	◯	◯	◯	◯	◯	◯
5 **Culture** Our organisational culture reflects our standards of conduct and commitment to compliance.	◯	◯	◯	◯	◯	◯

Policy Look & Feel	Strongly disagree	Somewhat disagree	Undecided/ unsure	Somewhat agree	Strongly agree	We use software to help with this
6 **Meta-policy** We have a policy on policies that provides clear guidelines for the look and feel of policies and processes for policy creation, formatting and life cycle management.	◯	◯	◯	◯	◯	◯
7 **Templates** We use templates to preserve a consistent look and feel across policies.	◯	◯	◯	◯	◯	◯
8 **Content** Policies are written in plain, concise language and are visually accessible.	◯	◯	◯	◯	◯	◯
9 **Properties** Document properties (i.e., title, version, owner, dates, review interval and roles) are maintained on each policy.	◯	◯	◯	◯	◯	◯
10 **Links** We link policies to related policies, training materials and applicable laws and regulations. Our links are monitored to avoid broken links or ones that reference old versions of documents.	◯	◯	◯	◯	◯	◯

Policy Life Cycle Management Practices	Strongly disagree	Somewhat disagree	Undecided/ unsure	Somewhat agree	Strongly agree	We use software to help with this
11 Assessments We periodically assess our risks to gauge compliance with applicable laws, regulations, requirements and contracts.	◯	◯	◯	◯	◯	◯
12 Workflow We have standardised processes for writing, reviewing, approving and distributing policies in a timely manner.	◯	◯	◯	◯	◯	◯
13 Overseer We have one person (document control administrator) responsible for overseeing the entire policy management life cycle for all of our policies.	◯	◯	◯	◯	◯	◯
14 Documentation We maintain meticulous records of all policies, statuses, dates, changes, versions, attestations, exceptions and enforcement actions.	◯	◯	◯	◯	◯	◯
15 Organisation Policies are partitioned, categorized, tagged and labeled for distribution and access with a particular audience in mind so that they can be found easily by the appropriate employees.	◯	◯	◯	◯	◯	◯
16 Writing We have clear processes and guidelines for those responsible for writing or contributing to a policy document.	◯	◯	◯	◯	◯	◯
17 Review Policies are reviewed and edited by the appropriate stakeholders, internal or external subject-matter experts and the legal department. Changes are documented and consolidated into a single document.	◯	◯	◯	◯	◯	◯
18 Approval Prior to being published, policies must be approved by the appropriate personnel (executives, department heads, subject-matter experts and the legal department).	◯	◯	◯	◯	◯	◯
19 Distribution Employees are notified of new or updated policies and are sent periodic reminders as deadlines approach. Policies are published and displayed where employees can readily view or access them.	◯	◯	◯	◯	◯	◯
20 Feedback Questions, comments and feedback on policies are collected and documented.	◯	◯	◯	◯	◯	◯
21 Updates All policies are periodically reviewed and updated on time, according to a schedule.	◯	◯	◯	◯	◯	◯
22 Version control and archiving Policies are labeled with a version number, and old versions are promptly archived.	◯	◯	◯	◯	◯	◯

Policy Awareness & Access	Strongly disagree	Somewhat disagree	Undecided/ unsure	Somewhat agree	Strongly agree	We use software to help with this
23 Awareness Our employees know where to go to find policies when needs arise.	◯	◯	◯	◯	◯	◯
24 Accessibility Employees have 24/7 access to policies and procedures from any location.	◯	◯	◯	◯	◯	◯
25 Applicability At a glance, employees can see all policies that apply to their role and any actions required.	◯	◯	◯	◯	◯	◯
26 Search Robust search capabilities make finding a policy quick and easy. Search is not limited to document titles or exact text matches.	◯	◯	◯	◯	◯	◯
27 Security Our policies are visible only to employees with a need to know.	◯	◯	◯	◯	◯	◯

Tracking	Strongly disagree	Somewhat disagree	Undecided/ unsure	Somewhat agree	Strongly agree	We use software to help with this
28 Attestation Employees are required to signify that they have read and understood policies. The process of obtaining employee signatures is not cumbersome to management or employees.	◯	◯	◯	◯	◯	◯
29 Comprehension Employees are trained on policies, and comprehension of policies and procedures is evaluated through quizzes, surveys or other means.	◯	◯	◯	◯	◯	◯
30 Reporting We can easily generate reports measuring employee readership, attestation, comprehension, policy notifications, exceptions and policies in various stages of the life cycle.	◯	◯	◯	◯	◯	◯

Tracking	Strongly disagree	Somewhat disagree	Undecided/ unsure	Somewhat agree	Strongly agree	We use software to help with this
Tally up your score according to the point scale below.	−2	−1	0	+1	+2	+1

Programme Grade	**A** = 53 to 60	**B** = 46 to 52	**C** = 36 to 45	**D** = 26 to 35	**F** = −60 to 25
Software Grade	**A** = 23 to 30	**B** = 20 to 22	**C** = 17 to 19	**D** = 14 to 16	**F** = 0 to 13
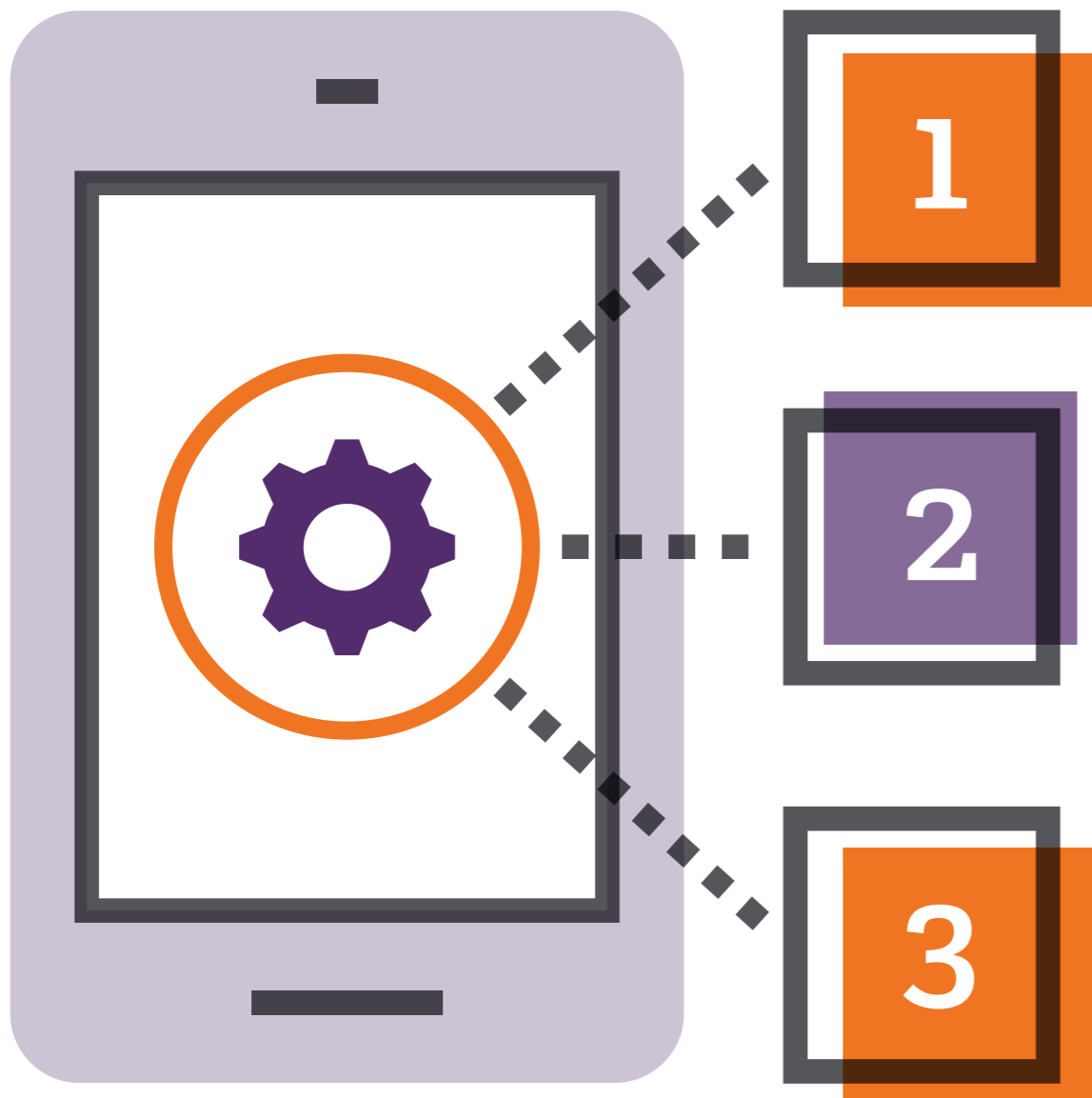
AUTOMATE

The Value of Policy Management Software

With the right automated system, the impact on your policy practice can be broad and deep, providing both human and financial efficiencies.

In choosing a software solution, your goal should be a powerful, scalable, flexible, feature-rich system that supports your organisation in the following best practices.

Store all policies in a central, accessible and secure location. A policy management system houses all of your policies and enforces key standards and processes for policy development. Employees can access policies at any time, from any place, on any computer or device with Internet access.

Show a dashboard of documents, tasks and reports. View at a glance how many documents you have in each stage of the policy life cycle. View documents by type, department, sub-department, template, category, topic, regulation, participant role or any other custom taxonomy.

Signal the importance of policies and support an ethical culture. A dedicated policy management solution increases employee awareness and policy visibility and also reinforces the integral role that policies play in the preservation of values, culture, day-to-day operations and the achievement of long-term objectives.

Standardise and centralise the document creation process. A document creation wizard takes the document owner step-by-step through a controlled development process. Consideration is given to templates, document properties, settings, personnel involved, role assignments and security. As soon as document authorship begins, the automated communications kick in to enable consistent and efficient collaboration.

> *"To create a policy management repository, an organisation needs a policy management tool as opposed to a general document management system."*
>
> Lisa Bennett Hill, President and Chief Analyst, Policyscape Consulting, and Consulting Analyst, GRC 20/20 Research, LLC

Organise and categorise your policies. Categorise documents by department, topic, regulatory guideline or any other structure you use to delineate access to your documents. As your business changes, simply change the taxonomy or categorisation without breaking folder hierarchies, directories or links.

Find documents quickly and easily. Search for policies by department, custom categories, the alpha-bar, title search, full-text, keyword tags, reference numbers or all the above. Use the advanced search dialog to apply any or all search methods and to display relevant search results with applicable search terms highlighted.

Streamline communication. Creating policies requires the involvement of multiple stakeholders across various departments. Automated notifications periodically remind stakeholders of task deadlines until they are complete. When documents are published and scheduled for distribution, automatic notifications are sent to specified employees to read and attest to the documents. Reminders increase in frequency as deadlines approach and escalate if deadlines are missed. Automation enables more-frequent communications, saves time, shortens review and approval cycles and keeps policy development and implementation on track and on schedule.

Create and edit documents in real time with Microsoft Word and Excel. When authors, reviewers or approvers open a Word or Excel document, Microsoft Office integration opens the users' web browser to the version of the application installed on their computer, enabling them to do everything they can in the desktop application. Employees can write, edit, track changes and make updates in real time without the need to download documents to their desktop and reupload. All changes made to documents by any employee are tracked, recorded and available in reports. The result is an audit trail of all changes made to policies or procedures.

Automate version control and archiving. Display only the approved version of a policy that is current. Older versions are automatically archived when updates are made. New versions are automatically given a new version number. Automatic communications notify employees of policy changes and required actions. When an employee reads or acknowledges a policy, the system records the version number.

Maintain a consistent look and feel across all policies and procedures. Create templates within the system or upload templates to give policies a familiar look and feel that will enable employees to quickly and easily find what they need.

Maintain a system of record for reporting and audit. Maintain a system of record that tracks the status, implementation, understanding and enforcement of policies, including when employees receive a policy communication or access a policy, the version they accessed, whether or not they attested, the results of a quiz or survey, edits made to drafts, approvals and all key dates associated with any like activities.

> *"Policy management software addresses the challenges of managing a litany of policies within business boundaries—enabling employees, giving them the expectations and boundaries, and doing so in a way that protects the organisation from harm."*
>
> Michael K. Rasmussen, JD, OCEG Fellow, CCEP, OCEG, CISSP; Chief GRC Pundit, GRC 20/20 Research, LLC

Certify that employees have attested to policies. When documents are published or updated, automatic email notifications and reminders can be enabled to require actions by employees. Employees may be required to read, attest, view a training video, take a quiz, participate in a survey or provide feedback. Email notifications link to the policy in the system. Employees review policy documents in the system and submit attestation with the click of a button.

Restrict access and hide policies from view. Password protection makes policies available only to those with the right login credentials. Security levels on policies and role and permission-based policy accessibility restrict document visibility to those with a need to know. Sensitive or inapplicable documents are hidden from view altogether.

Link to related materials. Improve continued learning within policies by linking to forms, other related policies, training materials, web courses, or other web-based pages or programmes. Eliminate time spent looking for related documents and forms and enable the creation of policies that are focused and concise.

Map policies to regulations and requirements. Mapping policies to obligations, risks, controls, legal requirements, regulations and contracts helps you ensure compliance coverage where specific requirements apply, as well as quickly and easily access policies for specific requirements in an audit. Policy mapping also helps identify missing policies or clauses and promptly makes updates when legal requirements change.

Implement policies effectively. Increase the effectiveness of policies by embedding training videos in policies, linking to a learning management system for externally hosted training videos, measuring policy comprehension and encouraging information retention by implementing quizzes. Follow policy implementations with surveys that measure adoption, exceptions, violations and enforcement actions. Collect and store comments on policies and more.

Schedule and manage tasks. Manage employee deadlines by creating tasks and automatically sending reminders. Schedule document review intervals, and let the system remind you when to update policies. Notify and periodically remind authors, reviewers, approvers and readers of deadlines. Automatic escalation notices loop in managers when deadlines are not met.

Leverage scalability. The capabilities, security and capacity of the system scale to meet increasingly complex requirements and workflow.

Enjoy commercial support. One of the major benefits of buying policy management software is that you have access to consultants with years of experience to help you implement your system, train employees on how to use it and provide ongoing support. When questions arise, you no longer have to ping IT and wonder when your request will be prioritised in the queue.

CONCLUSION

The tools and insights in this guide will help your organisation develop a strong policy and procedure management programme. A powerful, scalable, flexible, feature-rich policy management system enables your organisation to manage polices across the life cycle, adding speed, efficiency and oversight while reducing the overall cost of policy management.

Ultimately, your organisation will not realize its true potential without effective management and implementation of policies and procedures. Policy management software is present at nearly every stage of the policy management life cycle and is the key to developing and implementing these documents effectively.
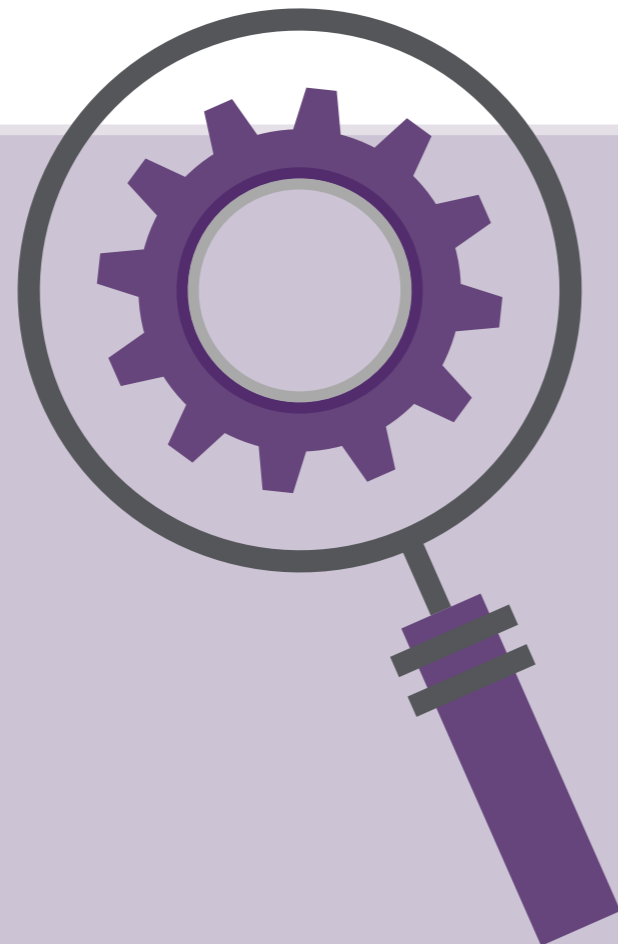
NAVEX Global offers many valuable resources related to improving your ethics and compliance training strategies. Visit our resource center at www.navexglobal.com/resources to find these tools and more:

- » 2017 Ethics & Compliance Policy Management Benchmark Report
- » Building Versus Buying Policy Management Software
- » Top Reasons Managers Choose PolicyTech
- » **Webinar:** Policy Management Practices: A How-To Guide
- » **Webinar:** Seven Common Mistakes About Communicating Policies & Procedures and How to Avoid Them: VC2013

ABOUT NAVEX GLOBAL'S POLICY AND PROCEDURE MANAGEMENT SOLUTIONS

NAVEX Global's PolicyTech® policy and procedure management software revolutionises the way organisations manage policies and procedures. Our industry-leading solution is designed to help organisations centralise and simplify their policy management activities, making the complex tasks of writing, reviewing, approving, publishing, updating and attesting to policies simple and seamless.

PolicyTech also helps organisations meet legal and regulatory requirements. Organisations can group policies around a specific law or requirement to make policies that cover specific regulations easier to maintain and to allow regulators to see all of the organisation's policies around a specific law. As an added benefit, PolicyTech integrates with our EthicsPoint® incident management system and is reinforced by our NAVEXEngage™ ethics and compliance online training program to help organisations track and address incidents related to a policy.

NAVEX Global's comprehensive suite of ethics and compliance software, content and services helps organisations protect their people, reputation and bottom line. Trusted by more than 12,500 clients, our solutions are informed by the largest ethics and compliance community in the world. For more information visit *www.navexglobal.com*.

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