



DEFINITIVE GUIDE TO

COMPLIANCE PROGRAMME ASSESSMENT

The essential step to improving your compliance programme

OVERVIEW

The *Definitive Guide to Compliance Programme Assessment* is a comprehensive resource full of advice and best practices. It is designed to help organisations evaluate and improve their ethics and compliance programmes through industry evidence and insights.

Each programme is unique, with disparate risks and various levels of maturity, so not everything in this guide will apply to every programme. It is designed to help you perform a robust gap analysis of your unique programme and guide you through best practices to achieve the next level of programme sophistication right for your organisation.



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INTRODUCTION

Why Is Compliance Programme Assessment Important?

A strong ethics and compliance programme improves organisational culture, protects corporate reputation and enhances employee engagement. When an ethics and compliance programme is lacking, an organisation could be exposed to significant risk. To ensure compliance programmes meet ongoing best practices, assessments and regular reviews are necessary, valuable and expected by numerous internal and external parties, including government agencies.

Your ethics and compliance programme is an ecosystem of moving parts. New laws and regulations, new lines of business, new geographies and mergers and acquisitions become part of a growing enterprise your compliance ecosystem must support. This requires those in charge of the system to regularly revisit and

assess their risk and priorities to make necessary adjustments that ensure an effective compliance programme.

Along with assessing for external factors, a robust programme must account for an important internal variable—human behaviour. Even with strong policies and compliance procedures in place, employee behaviour presents the highest risk for your compliance programme. It is difficult to know if your efforts are truly changing behaviour, fostering ethical practices and reducing risk without assessing effectiveness at the individual employee level. A robust quality assessment will help you understand the impact your current ethics and compliance programme is having on employees as well as the overall corporate culture.

Simply put:

An ethics and compliance programme assessment is a comprehensive evaluation of how your programme:

- » Measures up against organisations with similar size, industry and footprint
- » Meets globally recognised industry accepted standards
- » Helps close gaps in risk mitigation and defines improvements in a prioritised manner via a multiyear work plan to achieve your organisation's desired level of programme maturity

Key Goals of Compliance Programme Assessment

Ensure key, fundamental programme elements are in place (e.g., a hotline and incident management system)

Evaluate the effectiveness of programme implementation

Measure impact on organisational culture, including employee awareness of, and engagement with, the programme

The Eight Essential Components of an Effective Compliance Programme Assessment

A robust assessment evaluates a compliance programme as a whole as well as the strength of its parts. The components below categorise your compliance programme in a way that will best reveal the strengths of your work as well as the actionable steps you'll need to take for improvement.

1. Risk Assessment

A risk assessment is key to developing your organisation's risk profile. Your risk profile is an evaluation that identifies the unique risks your organisation may face given its industry, geography and employee population. A periodic, comprehensive risk assessment will help regularly identify potential criminal, reputational and ethical risks.

2. Oversight, Structure & Leadership

Your programme needs both appropriate oversight to protect from risk and committed from leadership to drive behaviour and culture. Therefore it is essential to inform and engage senior management in your programme and its goals. Those that have key oversight duties, including your board of directors, also need to be informed and trained on their roles to help your organisation achieve an effective compliance programme.

3. Standards, Policies & Procedures

Your policy assessment identifies that your organisation has a code of conduct as well as standards and procedures in place that ensure compliance with internal values as well as applicable governmental laws, rules and regulations. Your organisation may also be subject to unique or high-risk areas. Assessing your programme and organisational position will identify gaps where specific guidance needs to be provided to employees.

Basic Definitions

As you work through your programme assessment, use these basic definitions to effectively communicate the programme characteristics you are working on as well as ensure all those who review the assessment share a common language.



Programme Effectiveness

Did we take the right actions?



Programme Efficiency

Did we execute them well?



Programme Improvement

Has organisational learning been put into action?



Demonstrated Value

Do we have proof points by stakeholder?

If your programme was examined today by the government or a major customer, how would it rate?

- » **Excellent**—we are a leader in every aspect
- » **Very well**—we generally meet best practices
- » **Well**—we meet all standards and exceed some of them
- » **Passing**—we can show that we meet standards
- » **Not well**—a third party would find that we don't have an effective programme or that our programme has gaps

4. **Alignment with HR Practices**

An effective compliance programme has many touchpoints and overlaps with an organisation's HR department. The efforts of your HR department and your compliance programme should be complementary. Proper assessment of your programme will ensure HR and compliance policies never conflict in what is expected or required of employees.

5. **Communications & Training**

The policies and procedures in your compliance programme must be accompanied by a strategic communications plan and training programme that keep employees informed and tested on the policies they are responsible for knowing. A regular and effective communications plan will ensure employees are aware of policies, managers know their responsibility to respond to raised issues and lessons learned are consistently used to improve culture.

6. **Reporting & Response**

Your reporting process is how employees elevate concerns to your compliance department. Your compliance assessment will evaluate this process to ensure employees can easily and comfortably report issues. It will also assess your programme's process to respond to and resolve those reports.

7. **Monitoring & Assessment**

As with every assessment, a key step is evaluating the effectiveness of the assessment process itself. This is an opportunity to work with your internal audit team as well as other subject matter experts who can provide insight to the mitigation of risk, or lack thereof, from programme efforts. Properly monitoring your assessment method will ensure your programme is in a consistent state of improvement.

8. **Culture**

There is always some variance between what your organisation has communicated and what employees believe to be true. For better or worse, this balance shapes your organisation's culture. Your programme assessment will evaluate the methods in place to drive culture and the effectiveness of those efforts to change behaviour.



"Culture eats strategy for breakfast."

Peter Drucker

A Closer Look at Culture

When an organisation's policies, procedures, rewards or even its Code of Conduct are in conflict with its culture, culture wins. Therefore, in order to have an effective ethics and compliance programme, an organisation



“Indicting corporations for wrongdoing enables the government to be a force for positive change of corporate culture, and a force to prevent, discover and punish serious crimes.”

U.S. Department of Justice¹

must pay as much attention to culture as it does to policies, training, auditing and other programme elements.

Compliance supports the strategic goals and mission of an organisation just as much as any other department or function. Achieving an effective ethics and compliance programme requires more than simply adding rules and additional layers of controls. Successful programmes are integrated efforts that align financial and compliance requirements with the organisation’s mission and values.

Forward thinking organisations strive to build a culture where all employees know that doing the right thing is expected, understand the standards that apply to them and are confident their management is committed to operating with integrity. These same employees should feel empowered to raise concerns about misconduct without fear of retaliation and believe their concerns will be addressed.

If doing the right thing is the expected practice, behaviour that is unethical or otherwise misaligned with organisational standards will stand out and can be more easily addressed. The only way to know this is if an assessment of the organisation’s culture is part of the assessment of the ethics and compliance programme.

1. U.S. Department of Justice (2015). Principles of Federal Prosecution of Business Organisations



PLAN

Prepare for an Assessment that Produces Actionable Results

There are many things to consider in preparation for an ethics and compliance programme assessment. The first, however, should be determining who will authorise it. A programme assessment that is requested and authorised by your board of directors carries the most weight both internally and externally. Programme assessments that are authorised by senior management or the general counsel's office, and provide board-level visibility and support, are also effective.

Along with authorising, consider who will manage the assessment. It is likely this responsibility will fall to the senior compliance executive. But in some cases, the assignment may be given to another department like Audit or Legal. In addition, evaluate whether the assessment will be done under attorney-client privilege.

Attorney-Client Privilege?

Regardless of who is authorising or conducting the assessment, there is an additional consideration: whether or not it should be conducted under attorney-client privilege. A benefit of doing an assessment under the direction of an attorney is that knowledge of any performance or documentation gaps uncovered can be examined and addressed with less fear that the results will be discoverable in legal proceedings. On the negative side, working under and maintaining privilege means that communication of the assessment findings and recommendations must be rigorously controlled, usually limited to those with a 'need to know'.

Attorney-client privilege is a legal construct which involves many more elements than we can discuss here. Seek the advice of your organisation's legal counsel as you consider whether or not to pursue such a strategy when conducting your compliance programme assessment.



“The most successful compliance officers I know are the ones who can effectively apply intuition, experience and good judgment to a set of data points to determine and communicate effectiveness.”

Carrie Penman, Chief Compliance Officer and SVP, Advisory Services, NAVEX Global

How Do You Define Effectiveness?

This is the age-old question with an answer that will vary by audience. What is important to employees may differ from what is important to regulators or your board. Before you begin your assessment, take the necessary steps to define a definition of *effective* that supports your programme and its goals.

Use the categorised questions below as starting points to create your definition of effectiveness.



Awareness

Does your programme effectively drive awareness and understanding around the ethics and compliance requirements expected of employees? Does it identify the educational needs of employees and provide the necessary training to fill knowledge gaps?



Behaviour Change

Does your programme effectively change employee behaviour around particular issues such as workplace harassment, retaliation, bullying, etc.?



Risk Control

Does your programme have strong, effective controls in place that minimise and mitigate risk?



Resources

Is your programme sufficiently resourced and are those resources effective in defending your organisation against key financial and reputational risks?



Compliance

Does your programme ensure compliance with policies, regulations and standards?



Progress

Does your programme have an evaluation and reporting process in place to effectively monitor programme improvement and document that process to compound progress?

How Do External Parties Define Effectiveness?

There is no single standard that suits all situations or organisations; however, various guidelines and frameworks are aligning on a similar set of standards with varying levels of emphasis on programme components such as anti-bribery and corruption. The timeline below shows examples of governmental and international guidance.

	Federal Sentencing Guidelines (FSG)	Medicare 7-Elements	FSG Revisions	UK Bribery Act	COSO Revision	U.S. DOJ Evaluation					
1986	1991	1992	1999	2002	2004	2010	2011	2012	2013	2015	2017
Defense Industry Initiative		COSO	Sarbanes Oxley Act	Dodd-Frank	FCPA Guidance	U.S. DOJ Compliance Counsel					

When assessing your programme, it may be most useful to start with these three guiding measures for a well-rounded programme: U.S. Federal Sentencing Guidelines 8B2.1; COSO Framework’s 17 Principles of Effective Internal Control; and the recently released U.S. Department of Justice Evaluation of Corporate Compliance Programmes. While these measures are largely U.S. based, they are having ramification across the globe. They inform many of the components of the best compliance programmes.

U.S. Federal Sentencing Guidelines for Organisations

The guidelines state, in part, that to have an effective compliance and ethics programme, an organisation shall: *“Exercise due diligence to prevent and deter criminal conduct; and otherwise promote an organisational culture that encourages ethical conduct and a commitment to compliance with the law.”*

COSO Framework’s 17 Principles of Effective Internal Control

The COSO Framework highlights 17 principles within five internal control components designed to *“improve organisational performance and oversight and to reduce the extent of fraud in organisations.”*

U.S. Department of Justice Evaluation of Corporate Compliance Programmes

The DOJ evaluation provides *“common questions that we may ask in making individualised determination”* to effectively accommodate a company’s unique risk profile and the solutions it uses to reduce its risks.

Who Determines Effectiveness?

How you define *effective* should take into account for whom you are defining it. An effective compliance programme can mean different things to different stakeholders. For your programme to truly be considered effective, it must hold up to a number of varying perspectives. Consider the perspectives below as you define *effective* for your programme:

- » Local Regulators
- » Ethics officer
- » Employees
- » Senior management
- » Board of directors
- » Customers/Suppliers
- » Shareholders
- » Attorneys

What Proves Effectiveness?

Effectiveness is captured through data-driven information. This information is the evidence you can cite to prove your programme’s effectiveness objectively. Use the materials listed below as your guide to identifying the information you will assess to prove your programme’s effectiveness in the eight essential components of a compliance programme.

Materials to Collect from Your Management Systems

<p>Policy Management</p> <ul style="list-style-type: none"> » Code and policy attestations » Incidents of non-compliance » Code of Business Conduct » Mission and values statement » Incentive documentation » Standards and procedures 	<p>Ecosystem Management</p> <ul style="list-style-type: none"> » Benchmarking with peers » Employee surveys » Employee focus group data » Exit interview feedback » Performance evaluation/ appraisal instruments (from HR) » Internal audits » Organisational structure » Quality metrics » Responses to issues found 	<p>Incident Management</p> <ul style="list-style-type: none"> » Retaliation reports and findings » Helpline call tracking, trending and benchmarking HR statistics » Investigations data
<p>Third-Party Risk Management</p> <ul style="list-style-type: none"> » Risk assessments » Third-party audits 		<p>Training Programme Management</p> <ul style="list-style-type: none"> » Executive communications » Legal actions » Training evaluations

 [Learn about NAVEX Global’s Ecosystem of Compliance Management Software Solutions](#)

Plan for Inhibitors to Success

As you prepare for your assessment, account for the common challenges or objections that may come from leadership or partnering departments. Lack of resources, silos, concerns about negative results and skepticism of the process of measuring “ethics” are all common inhibitors to an effective assessment. Planning for these challenges and overcoming objections will help your assessment process run more smoothly for those involved, as well as increase positive buy-in from those with whom the results are shared.

Share Best Practices

Bring other stakeholders into the process early on to share best practices and to identify and overcome barriers together. In addition to business leaders, you will need the support of Legal, Audit, Human Resources among other departments to effectively implement your assessment. Identify any current practices such as ongoing employee surveys and audit plans that can be leveraged for the assessment rather than creating redundant processes.

Set the Tone at the Top

Leadership buy-in and management support is key to implementing an effective assessment. Your leadership team is a critical part of ensuring your assessment is seen as valuable by the larger organisation as well as prioritising the assessment to ensure all necessary departments fully support the process. Often the request for an assessment comes from the board of directors which clearly sets a tone at the top.

Communicate & Manage Expectations

Along with providing evidence that your compliance efforts are effective, a programme assessment is designed to identify gaps where your organisation is open to risk. If you have a good idea of potential gaps prior to starting the assessment, it is helpful to communicate expected outcomes to key stakeholders so that even if there are negative findings, there can be positive reactions toward improvement plans.

Internal or External Assessment

A robust compliance programme assessment highlights cost-effective, practical ways of remediating any programme gaps and improving the programme in general. Organisations need to internally assess various programme elements on an ongoing basis. Best practice for improving your internal assessment is to engage an external expert to conduct a thorough assessment every three to four years.

The value of using an external expert to review and assess your programme is twofold. The first, and most obvious, is objectivity. Second, a third-party review done by an expert in ethics and compliance programme assessment will more likely reveal how your programme would fare if audited by a government agency or business partner.

NAVEX Global's Advisory Services

NAVEX Global's Advisory Services has been conducting third-party risk, program and culture assessments for more than 20 years and our work has been accepted by various government agencies in the course of investigations. To protect their people, reputation and bottom line, organisations ask us to help ensure their E&C compliance programmes are effective, respected by employees and leadership and are meeting industry standards and best practices.

[Learn more about our Advisory Services team.](#)



IMPLEMENT & MEASURE

Assess the Eight Essential Components of an Effective Programme

An effective full compliance programme assessment evaluates the eight key components identified in our introduction to ensure your programme supports organisational culture as well as protects the organisation from risk. Many organisations conduct periodic assessments of specific elements throughout the year in addition to conducting full assessments on a three-to four-year cadence.

Eight Essential Programme Components to Assess



Use the data-driven information you've identified and collected during your planning process to effectively assess each of your programme components. In addition, evaluating the culture of your programme is a key part of your assessment. This will require you to collect and address more abstract information such as observations and attitudes of employees. Together these materials will help you create a complete picture of your programme's effectiveness.

Grading System to Assess each Component

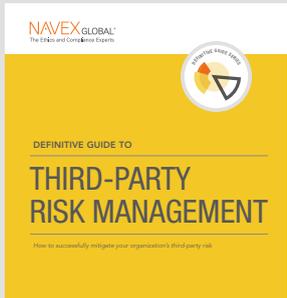
When evaluating each programme component, we recommend using a simple three-tiered system for grading each area: green, yellow and red.

- » **Green** indicates best practices are being met with robust processes in place
- » **Yellow** indicates the component is in process or partially meeting best practices
- » **Red** indicates not yet meeting best practices or needs attention

1. Risk Assessment

An effective programme expects organisations to periodically assess the risk of criminal conduct and take appropriate steps to design, implement or modify each programme element to reduce the risk of criminal conduct identified through this process. Periodic E&C risk assessments are an important “super” element of an ethics and compliance programme and should serve as the foundation for all other programme elements.

The risk assessment should identify the organisation’s ethics, compliance and reputational risks, the employee population that creates the risk and the current and planned mitigation strategies to reduce risk to an acceptable level.



Don't Forget Third-Party Risk

Use NAVEX Global's 2016 Ethics & Compliance Third-Party Risk Management Benchmark Report to find out how peers are funding, staffing and executing their third-party risk management programme so you can improve your performance.

Available at www.navexglobal.com/thirdpartybenchmarking.

Risk Assessment			
Does the organisation periodically assess the risk of criminal conduct and take appropriate steps to design, implement or modify each ethics programme element to reduce the risk of criminal conduct identified through this process?			
Does the organisation comprehensively define high-risk areas including the potential for reputational risks and ethics risks?			
Does the organisation deploy the respective programmes' resources in a risk-sensitive manner?			
If appropriate, does the company have groups within various business units assigned to address unique issues and ethics risks faced by the specific business units?			

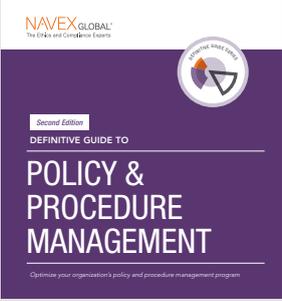
2. Oversight, Structure & Leadership

The U.S. Department of Justice’s Principles of Federal Prosecution of Business Organisations emphasises the role of management: *“the critical factors in evaluating any programme are whether the programme is adequately designed for maximum effectiveness in preventing and detecting wrongdoing by employees and whether corporate management is enforcing the programme or is tacitly encouraging or pressuring employees to engage in misconduct to achieve business objectives.”*

Oversight, Structure & Leadership			
Is the board of directors knowledgeable about the content and operation of the ethics programme?			
Does the board exercise reasonable oversight of the implementation and effectiveness of the programme and the organisation’s culture?			
Does the organisation have a high-level person and a person with day-to-day responsibility assigned to manage the programme? Is there a defined relationship with the board of directors?			
Is the board (or a committee thereof) accessible to individuals with day-to-day responsibility including meeting with them in executive sessions?			
Does the board (or a committee thereof) receive timely reports of significant issues and investigations involving the company or any elected officers?			
Does senior leadership understand and exercise their responsibilities to create and maintain a culture that supports compliance with the law and ethical conduct?			
Is there an Ethics Committee or Council of company management that receives information from the high-level person or the person with day-to-day responsibility and also provides practical input into the programme?			
If appropriate, are there committees or councils designated to ensure that ethics initiatives are appropriately deployed in regional areas where significant differences in requirements or culture could leave certain risk areas unaddressed?			
Have ethics responsibilities been assigned to line management? Are they knowledgeable about the content and operation of the ethics programme?			

3. Standards, Policies & Procedures

The U.S. Sentencing Guidelines (The Guidelines) state, “[t]he organisation shall establish standards and procedures to prevent and detect criminal conduct.”² Underlying this requirement is the notion that clear communication of ethics and compliance expectations is a basic step toward creating a culture that supports an effective ethics and compliance programme.



Create a Powerful Policy & Procedure Management System

Get NAVEX Global's 2016 Definitive Guide to Policy Management for more insight into effectively writing and managing your programme's policies and procedures. Available at www.navexglobal.com/policyguide.

Standards			
Do the Code of Conduct and policies establish standards designed to prevent and detect criminal conduct? Do they require compliance with company policies, values and applicable governmental laws, rules and regulations?			
Does the Code emphasise prompt internal reporting to an appropriate person identified in the Code of any potential violations of the Code?			
Does the Code establish accountability for adherence to the Code and is it applicable to directors, officers and employees?			
Does the company have policies and procedures that provide specific guidance to employees – especially in high risk areas?			
Are the Code and company policies periodically reviewed and updated to meet the specific ethics risk areas as defined by the risk assessment?			

2. United State Sentencing Commission (2016). U.S. Federal Sentencing Guidelines 8B2.1

4. Alignment with HR Practices

The Guidelines underscore that “who” an organisation chooses to hire and promote sends a clear signal as to “what” the organisation’s top priorities are. An effective programme requires that a company’s hiring practices promote law abidance and ethical conduct. Other relevant practices to be reviewed include aligning performance measures and incentives with ethical and compliant behaviours and consistent disciplinary policies.

Does your organisation formally evaluate managers (in performance appraisals) on whether they live up to ethics and compliance responsibilities?

1. Yes, it is a critical part of our appraisals
2. Yes, but it is closer to ‘tick the box’
3. Yes, but not universally
4. No

Alignment with HR Practices			
Are there any incentives or disincentives built into the goal setting or review process that could force employees to make a bad choice?			
Is strong ethical conduct included as part of the promotion criteria?			
Are potential new hires and third parties working on behalf of the company screened?			
Is there a defined performance evaluation process to ensure that all management is meeting their responsibilities?			
Do exit interviews have an ethics and compliance component?			

5. Communications & Training

Organisations are expected to communicate standards and procedures periodically and in a practical manner to the board of directors, high-level personnel, employees and, as appropriate, the organisation's agents. This should include conducting an effective training programme and disseminating information that is appropriate to the individual's roles and responsibilities.



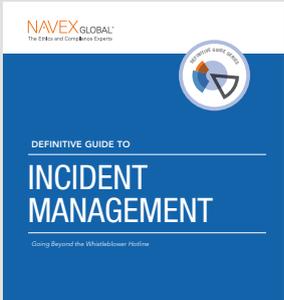
Drive Measurable Value with Your Training Programme

NAVEX Global's 2016 Definitive Guide to Ethics & Compliance Training provides more insight into effectively designing and implementing your compliance communications and training. Available at www.navexglobal.com/trainingguide

Communications & Training			
Are the Code, policies and procedures communicated, understandable and easily accessible?			
Does the company have and use an ethics communication strategy that incorporates the organisation's risk assessment?			
Does the company have and use a training plan that defines the training required for various levels and groups of employees as well as contractors and agencies based on the company's risk assessment process?			
Does the company communicate, to all levels of employees, lessons learned from ethical issues the organisation has confronted?			
Do the board and management receive periodic and relevant training on their ethics responsibilities?			
Does employee training address key concerns of employees such as fear of retaliation?			
Are employees who are working in a high-risk environment (as defined by the risk assessment) receiving training in sufficient detail to help them identify problem situations and avoid the violation of company standards and the law?			

6. Reporting & Response

Every compliance programme must offer ways for employees to easily and comfortably report issues without fear of retaliation. It should also include measured steps to respond to and resolve those reports including investigations and disciplinary processes.



Go Beyond the Whistleblower Hotline

Get NAVEX Global's Definitive Guide to Incident Management for more insight into effectively designing and implementing your hotline and incident management programme. Available at www.navexglobal.com/incidentguide

Report & Response			
Does the company encourage and support employees and others to report known or suspected wrongdoing?			
Does the company explain the reporting system and processes to all employees including information on how the process works?			
Does the company have an appropriate escalation process?			
Do employees believe they can raise issues to management or the 800 number without fear of retaliation?			
Does the company use a tracking system for all reports and issues received? Does the company review reporting and outcome data to determine potential problem areas? Is this information provided to senior management and the board?			
Does the company investigate issues in a timely way while protecting confidentiality?			
Do the investigations conducted help determine the root cause of misconduct, and meet the requirement that a company "take reasonable steps to respond appropriately to such misconduct and to prevent further similar [violations] including making any necessary modifications to the organisation's ethics programme?			
Is disciplinary action administered appropriately and consistently for violations of the Code, values, policies or the law?			
Does the company enforce policies prohibiting retaliation or retribution against individuals who report suspected or actual violations of company policy or the law?			

7. Auditing & Monitoring

The Guidelines require that organisations “take reasonable steps – to ensure that the organisation’s compliance and ethics programme is followed, including monitoring and auditing to detect criminal conduct.”² The Guidelines also provide that organisations should evaluate periodically the effectiveness of the ethics and compliance programme. This requirement is in addition to auditing and monitoring for violations. Here the audits are of the programme processes (e.g., whether the Code is distributed or whether training takes place as required and so forth). As with every assessment, a key step is evaluating the effectiveness of your assessment process to ensure your programme is having the desired impact on the culture at your organisation.

Auditing & Monitoring			
Does the company conduct audits to ensure that programme elements are functioning as intended?			
Does the company perform qualitative (culture) assessment to show that the programme overall is having the desired impact?			
Does the company utilise exit interviews to ask departing employees if they are aware of any actual or suspected violations of company policy?			
Does the company follow industry best practices?			

8. Culture

The Guidelines reinforce the long-standing business imperative that to have an effective programme, you need to have a culture that promotes compliance and ethics.

Culture			
Do employees believe that it is possible to behave ethically and achieve business objectives at the company? Is unethical behaviour clearly seen as out of bounds?			
Do employees believe they can raise issues to management or the 800 number without fear of retaliation?			
Do employees believe that management will take appropriate action if misconduct is communicated to them?			
Do employees believe that others who violate company standards get promoted to positions of increased authority?			
Is the program viewed as a paper programme or as a genuine commitment?			

2. United State Sentencing Commission (2016). U.S. Federal Sentencing Guidelines 8B2.1

The Importance of Benchmarking

Benchmarking is an important part of the assessment process. Benchmarks can be used to justify your budget or other resource requests, to create a prioritised list of improvement opportunities and to inform the timeline for incorporating those improvements.

Most importantly, benchmarking helps you understand whether your programme is within the norms for your company's size and industry—and where the programme as a whole (or individual elements) may land on the continuum from substandard to best practice. In addition to using benchmarking to measure your programme against peers, it is a critical step in designing your programme for effectiveness that can withstand the scrutiny of external, governmental or regulatory parties.

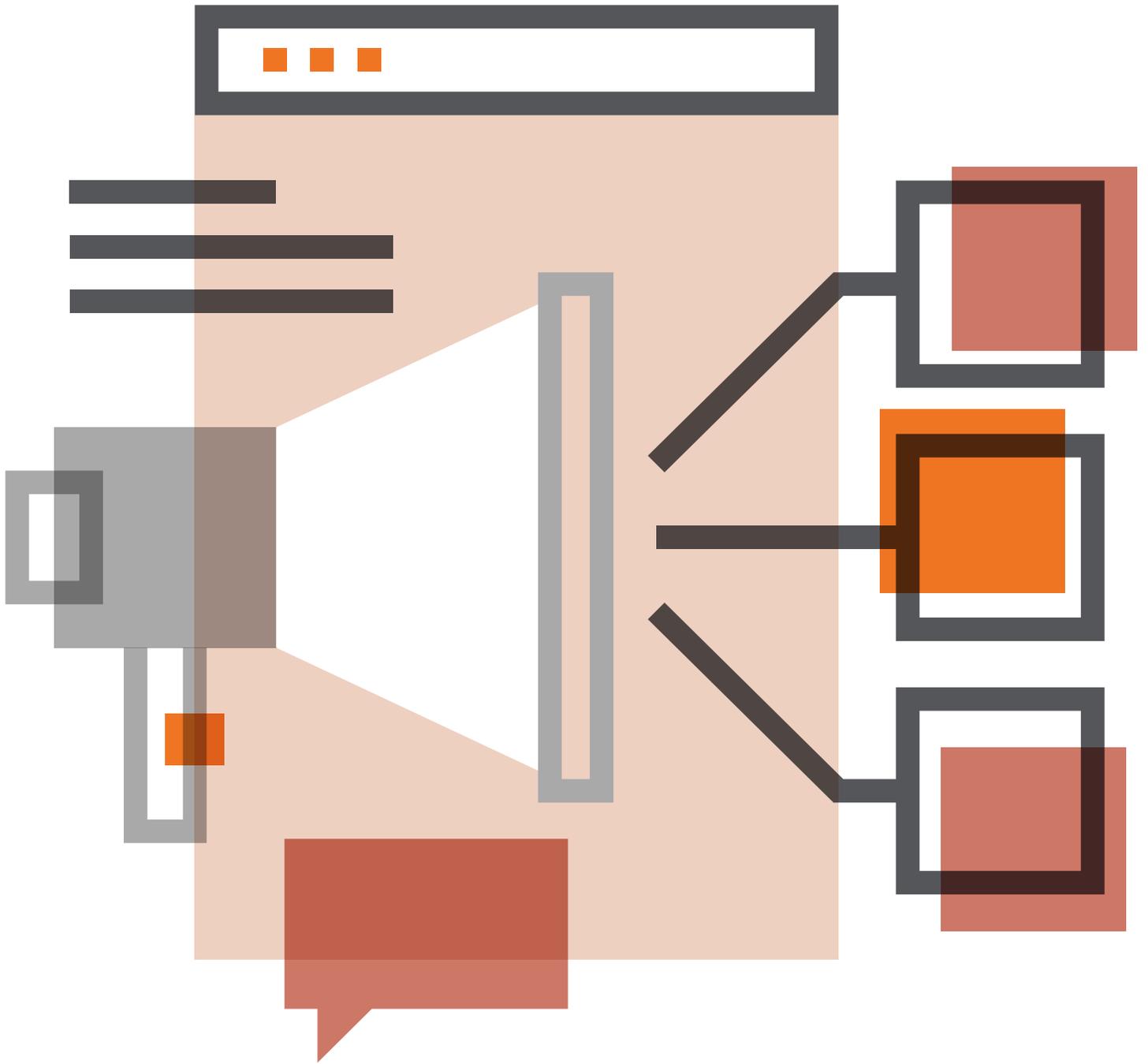


According to the U.S. Federal Sentencing Guidelines, “An organisation’s failure to incorporate and follow applicable industry practice or the standards called for by any applicable governmental regulation weighs against a finding of an effective compliance and ethics programme.”²

An Approach to Benchmarking as Part of Your Assessment Process

- » Determine the standards/guidelines on which your programme is built. Are you using the U.S. Sentencing Guidelines framework? Or the model provided by ISO? Are there industry regulatory standards that apply to your business?
- » Identify your programme's operating goal or the goal for each programme component. For example, do you want your training and audit elements to be best practices and all other elements more aligned with common, effective practices?
- » Select a programme element or process to benchmark
- » Identify the key structure, performance and effectiveness metrics
- » Choose target organisations of desired size/industry to benchmark
- » Collect and analyse data from target entities and published reports/surveys
- » Identify opportunities for improvement based on your operating goal(s)

2. United State Sentencing Commission (2016). U.S. Federal Sentencing Guidelines 8B2.1



REPORT & IMPROVE

Package & Share Your Assessment in a Way that is Meaningful

Report

After you have completed your programme assessment and benchmarking, it is time to report your findings. Although the raw data may be very helpful to you and your team, the larger audience of your results will benefit from an intuitive packaging of your findings. To do this, the results from your assessment should tell a story that demonstrates the effectiveness of your programme and how it applies to the mission and values of your organisation as well as its strategic operating plans.

A Story of Effectiveness

Use the data you collected from your assessment and the insights you derived from benchmarking to anchor your story in evidence, while adding in the more abstract observations and attitudes as the cultural manifestations of that data.

Your effectiveness story should include a concrete roadmap that illustrates how you'll use the results moving forward. One of the main outputs of a programme assessment is the development of a two- to three-year ethics and compliance work plan that will incorporate programme improvements —and remedy programme gaps or inefficiencies. Include clear documentation of the assessment and benchmarking used to shape your programme so that it can be referenced in future programme assessments. Along with next steps, your effectiveness story should also include projected dates to periodically revisit and course correct the programme adjustments informed by your assessment.

Presenting Your Effectiveness Story

When presenting your findings to your larger audience, which should include your board, CEO and senior management, take the time to make it compelling.

Your presentation should:

- » **Follow an executive summary.** Key findings of your assessment should be highlighted clearly before diving deeper into more granule details.
- » **Be consistent.** The look, feel, format and data used for reports should be consistent so your audience can easily make connections between your data points.
- » **Be strategic.** The report should support or explain gaps in the compliance programme's and company's strategy.
- » **Provide context.** Avoid supplying data without context supporting its inclusion. Seize the opportunity to explain how KPIs are being reflected in the data.
- » **Drive toward outcomes.** It is helpful to your board, CEO and senior management to understand how your compliance programme assessment ties into programme goals and outcomes.

CONCLUSION

Assessment is part of your compliance programme's necessary life cycle for improvement. We work in an ever-evolving landscape of risk that requires compliance professionals to identify the gaps their programmes have today, and may have tomorrow. Your programme effectiveness as a whole is based on the effectiveness of each one of its parts. So, ensure your assessment is broad as well as in-depth. Programme assessment is not a tick-the-box exercise. It is just as important as creating a company culture and mitigating risk.

Remember, if your assessment is thorough and effective, you will have identified weaknesses in your programme and vulnerabilities for risk. Don't be discouraged by your work to highlight these areas for improvement. Your programme and your organisation will be better for it once you make the necessary adjustments for a robust and effective ethics and compliance programme.



ADDITIONAL RESOURCES

NAVEX Global offers many valuable resources to assess and improve your ethics and compliance programme. Visit our resource center at www.navexglobal.com/resources to find these tools and more:

» **Benchmark reports:**

[Third-Party Risk Management Benchmark Report](#)

[Training Benchmark Report](#)

[Policy Management Benchmark Report](#)

[Hotline Benchmark Report](#)

» **Webinar:** [How Do I Prove My E&C Programme Is Effective? The Art & Science of Effectiveness Measurement](#)

» **Toolkit:** [The Ultimate Culture Assessment Toolkit](#)

» **White Paper:** [Anti-Bribery and Corruption Risk Assessment Checklist](#)

» **White Paper:** [Assessing Third-Party Risk Management Solutions](#)

Governmental and International Guidance on Programme Effectiveness

» [U.S. Department of Justice Evaluation of Corporate Compliance Programme](#)

» [2014 Federal Sentencing Guidelines Manual](#)

» [New Compliance Regulations in France & Italy](#)

» [Good Practice Guidance on Internal Controls, Ethics, and Compliance](#)

» [Anti-Corruption Ethics and Compliance Handbooks for Business](#)

ABOUT NAVEX GLOBAL'S ADVISORY SERVICES TEAM

NAVEX Global's Advisory Services team has one mission: to help organisations develop, strengthen and promote an organisational culture of ethics, integrity and respect.

Trusted by clients and recognised worldwide for their experience and expertise, no other organisation offers experts with the specific E&C depth and breadth as our [Advisory Services team](#). As practitioners who have helped create and evolve the practice of ethics and compliance, team members have served as corporate ethics and compliance officers for public, private and nonprofit organisations. The team also includes a former Department of Justice attorney and a former director of the Ethics and Compliance Officer Association (ECO). Frequently cited as experts in their field by top industry publications such as The Wall Street Journal and Compliance Week and sought-after speakers at top industry events globally, there is no other team like it in the world.

 [Learn more about how our Advisory Services team can help your organisation.](#)

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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