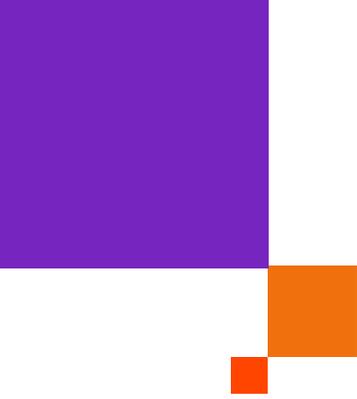




A NAVEX **One**® Definitive Guide

# Definitive Guide to Compliance Program Assessment

- The Essential Step to Improving Your Compliance Program



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# Overview

**This Definitive Guide to Compliance Program Assessment** is a comprehensive resource designed to help organizations evaluate and improve their ethics and compliance programs through industry evidence and insights. Each program is unique, with disparate risks and various levels of maturity, so not everything in this guide will apply to every program. This guide is designed to help you perform a robust gap analysis of your unique program, and to guide you through best practices to achieve the next level of program sophistication right for your organization.

# ■ Introduction

## The Importance of a Compliance Program Assessment

Many organizations address compliance as a “check-the-box” necessity to comply with laws and regulations. While this is an important aspect of building, maturing and maintaining a compliance program, there is another, long-lasting and fundamental impact of a strong compliance program – creating an ethical and compliance culture. A strong ethics and compliance program improves organizational culture, protects corporate reputation, and enhances employee engagement. When an ethics and compliance program is lacking, an organization could face significant risk. To ensure compliance programs meet ongoing best practices, assessments and regular reviews are necessary and valuable to demonstrate effectiveness to numerous internal and external parties, including government agencies.

Your ethics and compliance program is an ecosystem of moving parts. New laws and regulations, new lines of business, new geographies, global changes to the regulatory environment, and mergers and acquisitions become part of a growing enterprise your compliance ecosystem must support. Those in charge of the system must regularly revisit and assess their risk and priorities to make necessary adjustments that ensure an effective compliance program.

Along with assessing for external factors, a robust program must account for an important internal variable – human behavior. Even with strong policies and compliance procedures in place, employee behavior presents the highest risk for your compliance program. It is difficult to know if your efforts are truly changing behavior, fostering ethical practices, and reducing



risk without assessing effectiveness at the individual employee level. A robust and quality assessment will help you understand the impact your current ethics and compliance program has on employees and the overall corporate culture.

Simply put: An ethics and compliance program assessment is a comprehensive evaluation of how your program:

- Measures up against organizations with similar size, industry and footprint
- Meets globally recognized, industry-accepted standards and regulations
- Helps close gaps in risk mitigation and defines improvements in a prioritized manner via a multiyear work plan to achieve your organization’s desired level of program maturity

## Key Goals of a Compliance Program Assessment

- Ensure key, fundamental program elements are in place (for example, a hotline and incident management system) per regulations
- Evaluate the effectiveness of program implementation
- Measure impact on organizational culture, including employee awareness of – and engagement with – the program

## 9 Essential Components of an Effective Compliance Program Assessment

A robust assessment evaluates a compliance program as a whole as well as the strength of its parts. The components below categorize your compliance program 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 organization's risk profile. Your risk profile is an evaluation that identifies the unique risks your organization may face given its industry, geography and employee population. A periodic, comprehensive risk assessment will help regularly identify potential legal, reputational and ethical risks.

### 2 Oversight, Structure and Leadership

Your program needs both appropriate oversight to protect from risk, and commitment from leadership to drive behavior and culture. Therefore, it is essential to inform and engage senior management about your program and its goals. Those that have key oversight duties, including your board of directors, also need information and training on their responsibilities to help your organization achieve an effective compliance program.

### 3 Standards, Policies and Procedures

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

### 4 Alignment with HR Practices

An effective compliance program has many touchpoints and overlapping elements with an organization's HR department – such as policies about diversity, equity and inclusion, and harassment and discrimination. The efforts of your HR department and your compliance program should be complementary. Proper assessment of your program will ensure HR and compliance policies never conflict in what is expected or required of employees.

### 5 Communications and Training

A strategic communications and training strategy that keeps employees informed of the policies they are responsible for knowing must accompany the policies and procedures in your compliance program. A regular and effective communications plan will ensure employees are aware of policies, that managers know their responsibility to respond to raised issues and that lessons learned are consistently used to improve culture.

## 9 Essential Components of an Effective Compliance Program Assessment (continued)

### 6 Reporting and 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 program's process to respond to and resolve those reports.

### 7 Monitoring and 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 program efforts. Properly monitoring your assessment method will ensure your program is in a consistent state of improvement.

### 8 Culture

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

### 9 Remediation

Apply findings from the reporting and response, and monitoring and assessment to make changes that will affect the overall culture. For example, if it is found that the program lacks fundamental training in harassment and that is causing negative impacts to the culture, apply that finding to develop a more robust training in the area of need. There are some remediations that can be done quickly such as updating existing policies and sending short trainings. However, some take longer to implement, such as creating and applying a new policy for the entire organization.



## A Closer Look at Culture

When an organization's policies, procedures, rewards, or even its code of conduct are in conflict with its culture – culture always wins. Therefore, in order to have an effective ethics and compliance program, an organization must pay as much attention to culture as it does to policies, training, auditing and other program elements.

**“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 Justice

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

Forward-thinking organizations 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, behavior that is unethical or otherwise misaligned with organizational standards will stand out and can be more easily addressed. The only way to evaluate the impact of this dynamic is by including culture as part of the assessment of the ethics and compliance program.

## Basic Definitions

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

**Program Effectiveness:** Did we take the right actions?

**Program Efficiency:** Did we execute our actions well?

**Program Improvement:** Has organizational learning been put into action?

**Demonstrated Value:** Do we have anecdotes that demonstrate program impact?

**If the government or a major customer examined your program today, 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 we don't have an effective program or that our program has gaps

# ■ Plan

## Identify Assessment Authorizers and Managers

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

Along with authorization, 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 reside with another department such as Audit or Legal.

## Evaluate Attorney-Client Privilege

Regardless of who is authorizing 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 the results will be discoverable in legal proceedings. On the negative side, working under and maintaining privilege means 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 organization's legal counsel as you consider whether or not to pursue such a strategy when conducting your compliance program 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 Risk and Compliance Officer, NAVEX.



## Define Effectiveness

Communicating the effectiveness of an ethics and compliance program may vary in respect to the 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 establish a definition of “effective” that supports your program and its goals.

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

### Awareness

Does your program 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?

### Behavior Change

Does your program effectively change employee behavior around particular issues such as workplace harassment, retaliation and bullying?

### Risk Control

Does your program have strong, effective controls in place that minimize and mitigate risk?

### Resources

Is your program sufficiently resourced, and are those resources effective in defending your organization against key financial and reputational risks?

### Compliance

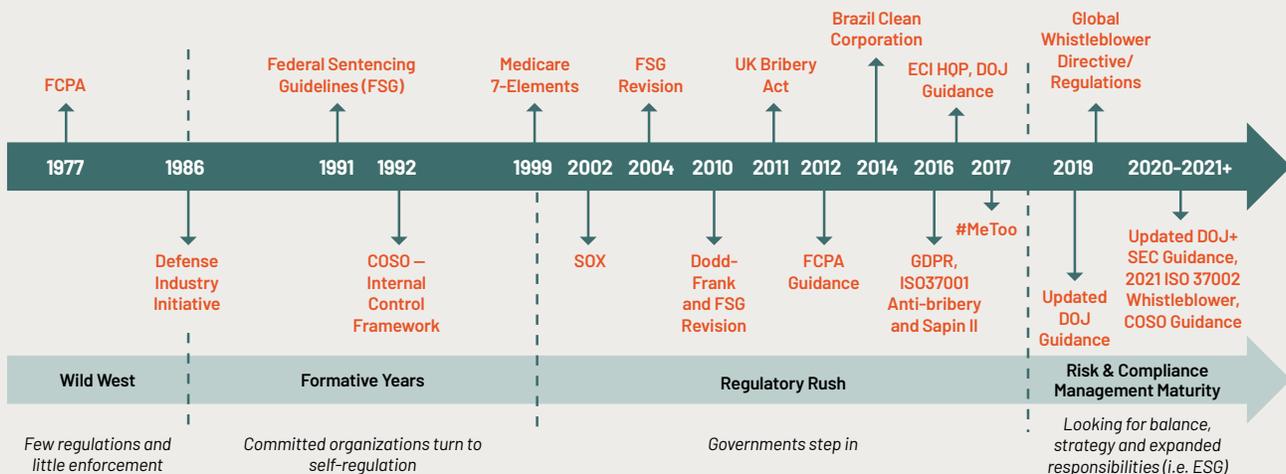
Does your program ensure compliance with policies, regulations and standards?

### Progress

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

## How Do External Parties Define Effectiveness?

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



When assessing your program, it may be most useful to start with these three guiding measures for a well-rounded program: U.S. Federal Sentencing Guidelines 8B2.1; COSO Framework's 17 Principles of Effective Internal Control; and the U.S. Department of Justice Evaluation of Corporate Compliance Programs.

### **U.S. Federal Sentencing Guidelines for Organizations**

The guidelines state, in part, that to have an effective compliance and ethics program, an organization shall: "Exercise due diligence to prevent and deter criminal conduct; and otherwise promote an organizational 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 organizational performance and oversight and to reduce the extent of fraud in organizations."

### **U.S. Department of Justice Evaluation of Corporate Compliance Programs**

The DOJ evaluation provides "common questions that we may ask in making individualized determination" to effectively accommodate a company's unique risk profile and the solutions it uses to reduce its risks.

Those questions include:

- 1 Is the corporation's compliance program well designed?
- 2 Is the program being applied earnestly and in good faith? In other words, is the program adequately resourced and empowered to function effectively?
- 3 Does the corporation's compliance program work in practice?

## **What Proves Effectiveness?**

Well-run ethics and compliance programs generate data that serve as objective evidence of efficacy.

Below are examples of metrics and documentation that can help in assessing your program's effectiveness.

## **Materials to Collect from Your Management Systems**

### **Policy Management**

- Code and policy attestations
- Incidents of non-compliance
- Code of business conduct
- Mission and values statement
- Incentive documentation
- Standards and procedures

### **Conflicts of Interest Disclosures**

- Outside employment
- Board participation
- Gifts and entertainment
- Investments
- Other concerns as they arise.

### **Culture Management**

- Benchmarking with peers
- Employee surveys
- Employee focus group data
- Exit interview feedback
- Performance evaluation/ appraisal instruments (from HR)
- Internal audits
- Organizational structure
- Quality metrics
- Responses to issues found

## Incident Management

- Retaliation reports and findings
- Helpline call tracking, trending and benchmarking HR statistics
- Investigations data

## Third-Party Risk Management

- Risk assessments
- Third-party audits

## Training Program Management

- Executive communications
- Legal actions
- Training evaluations

## 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 the ultimate audiences of those results.

## Share Best Practices

Bring other stakeholders into the process early on to share best practices and to identify and overcome barriers together. Cross-functional collaboration helps to give a holistic view of the state of the organization’s strengths and areas in need of improvement. In addition to business leaders, you will need the support of Legal, Audit, Human Resources and 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 organization. Often, the request for an assessment comes from the board of directors, which clearly sets a tone at the top.

## Communicate and Manage Expectations

Along with providing evidence that your compliance efforts are effective, a program assessment is designed to identify gaps where your organization 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 program assessment highlights cost-effective, practical ways of remediating any program gaps and improving the program in general. Organizations need to internally assess various program elements on an ongoing basis. The 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 program is twofold. The first, and most obvious, is objectivity. Second, a third-party review done by an expert in ethics and compliance program assessment will more likely reveal how your program would fare if audited by a government agency or business partner.

# ■ Implement & Measure



## Assess the 9 Essential Components of an Effective Program

An effective compliance program assessment evaluates eight key components that together support an ethical organizational culture and protect the organization from risk. Many organizations conduct periodic assessments of specific elements throughout the year, in addition to conducting full assessments on a three- to four-year cadence.

## 9 Essential Program Components to Evaluate

- Risk assessment
- Oversight, structure and leadership
- Standards, policies, and procedures
- Alignment with HR practices
- Communications and training
- Reporting and response
- Monitoring and assessment
- Culture
- Remediation

Use the data-driven information you've identified and collected during your planning process to effectively assess each of your program components. In addition, evaluating the culture of your program 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 program's effectiveness.

### Grading System to Assess Each Component

When evaluating each program 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 the component is not yet meeting best practices, or needs attention



# 1 Risk Assessment

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

The risk assessment should identify the organization’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.

| Risk Assessment  |  |  |  |
|--|--|--|--|
| Does the organization periodically assess the risk of criminal conduct and take appropriate steps to design, implement or modify each ethics program element to reduce the risk of criminal conduct identified through this process? |  |  |  |
| Does the organization comprehensively define high-risk areas including the potential for reputational risks and ethics risks?  |  |  |  |
| Does the organization deploy the respective programs’ 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?  |  |  |  |
| Does the organization collect and review any conflict of interests from employees and third parties?   |  |  |  |



## 2 Oversight, Structure & Leadership

The U.S. Department of Justice’s Principles of Federal Prosecution of Business Organizations emphasizes the role of management: “the critical factors in evaluating any program are whether the program is adequately designed for maximum effectiveness in preventing and detecting wrongdoing by employees and whether corporate management is enforcing the program 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 program?  |  |  |  |
| Does the board exercise reasonable oversight of the implementation and effectiveness of the program and the organization’s culture?   |  |  |  |
| Does the organization have a high-level person and a person with day-to-day responsibility assigned to manage the program? 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 program?                             |  |  |  |
| 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 program?  |  |  |  |

### 3 Standards, Policies & Procedures

The U.S. Sentencing Guidelines (The Guidelines) state, “[t]he organization shall establish standards and procedures to prevent and detect criminal conduct.” 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 program.

| Standards, Policies & Procedures   |  |  |  |
|--|--|--|--|
| 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 emphasize 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?  |  |  |  |



## 4 Alignment with HR Practices

The Guidelines underscore that “who” an organization chooses to hire and promote sends a clear signal as to “what” the organization’s top priorities are. An effective program requires that a company’s hiring practices promote law abidance and ethical conduct. Other relevant practices to review include alignment of performance measures and incentives with ethical and compliant behaviors, and consistent disciplinary policies.

### Does your organization 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 “check 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

Organizations 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 organization's agents. This should include conducting an effective training program and disseminating information that is appropriate to the individual's roles and responsibilities.

| 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 organization'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 organization 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 program must offer ways for employees to report issues easily and comfortably without fear of retaliation. It should also include measured steps to respond to and resolve those reports, including investigations and disciplinary processes.

| Reporting & 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 organization's ethics program? |  |  |  |
| 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 organizations to “take reasonable steps – to ensure that the organization’s compliance and ethics program is followed, including monitoring and auditing to detect criminal conduct.”

The Guidelines also provide that organizations should periodically evaluate the effectiveness of the ethics and compliance program. This requirement is in addition to auditing and monitoring for violations. Here the audits are of the program processes (such as whether the code is distributed or whether training takes place as required). As with every assessment, a key step is evaluating the effectiveness of your assessment process to ensure your program is having the desired impact on the culture at your organization.

| Auditing & Monitoring  |  |  |  |
|--|--|--|--|
| Does the company conduct audits to ensure that program elements are functioning as intended?   |  |  |  |
| Does the company perform qualitative (culture) assessment to show that the program overall is having the desired impact?                       |  |  |  |
| Does the company utilize 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 program, 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 behavior 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 program or as a genuine commitment?  |  |  |  |

## 9 Remediation

All of the data and insights gained from a holistic and organization-wide compliance program assessment give leaders the insights needed to make change and remedy cultural issues. When an organization's culture has issues that need to be addressed, it's important to take action quickly. As mentioned earlier, some of the steps to remedy an issue can be addressed quickly through updating a policy and implementing micro learnings. More complex issues take more time to resolve and may involve the creation of new policies and trainings.

| Remediation  |  |  |  |
|--|--|--|--|
| Have we identified next steps actions to remedy any red flags?   |  |  |  |
| Have we identified which can be done quickly and which are longer term projects?                           |  |  |  |
| Do we have appropriate resources to remedy cultural issues that need to be addressed?                      |  |  |  |
| Is leadership bought on with making organization-wide changes that address regulatory and cultural issues? |  |  |  |
| Do we have a timeline in place to make these changes?  |  |  |  |



## 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 prioritized list of improvement opportunities and to inform the timeline for incorporating those improvements.

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

According to the U.S. Federal Sentencing Guidelines, “An organization'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 program.”



## An Approach to Benchmarking as Part of Your Assessment Process

- Determine the standards/guidelines on which your program 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 such as the OIG guidance for healthcare companies?
- Identify your program's operating goal or the goal for each program 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 program element or process to benchmark
- Identify the key structure, performance and effectiveness metrics
- Choose target organizations of desired size/ industry to benchmark
- Collect and analyze data from target entities and published reports/surveys
- Identify opportunities for improvement based on your operating goal(s)

# ■ Report & Improve

## Package & Share Your Assessment in a Way That Is Meaningful

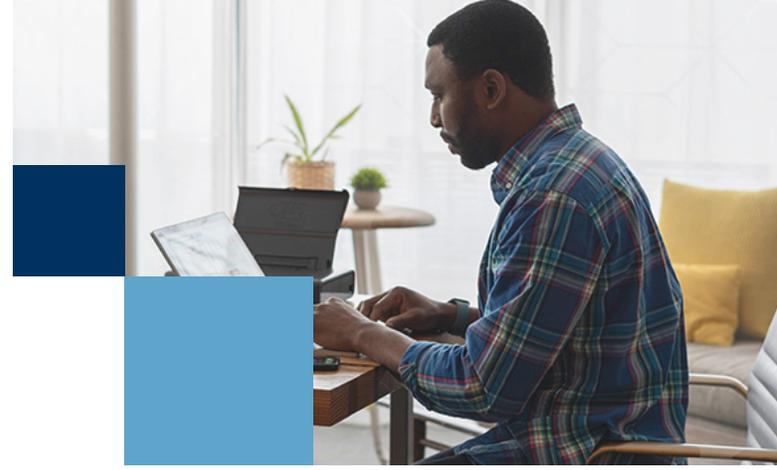
### Report

After you have completed your program 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 program and how it applies to the mission and values of your organization 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 program assessment is the development of a two- to three-year ethics and compliance work plan that will incorporate program improvements – and remedy program gaps or inefficiencies. Include clear documentation of the assessment and benchmarking used to shape your program so that it can be referenced in future program assessments. Along with next steps, your effectiveness story should also



include projected dates to periodically revisit and course-correct the program 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 program's and company's strategies.
- **Provide context.** Avoid supplying data without context supporting its inclusion. Seize the opportunity to explain how KPIs are reflected in the data.
- **Drive toward outcomes.** It is helpful to your board, CEO and senior management to understand how your compliance program assessment ties into program goals and outcomes.

## ■ Conclusion

Assessment is part of your compliance program's necessary lifecycle for improvement. We work in an ever-evolving landscape of risk that requires compliance professionals to identify the gaps their programs have today – and may have tomorrow. Your program 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. Program assessment is not a check-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 program and vulnerabilities for risk. Don't be discouraged by your work to highlight these areas for improvement. Your program and your organization will be better for it once you make the necessary adjustments for a robust and effective ethics and compliance program.

For additional information and downloadable resources, visit the [NAVEX Resource Center](#).



### About the NAVEX One GRC Platform

The NAVEX One GRC platform is an integrated set of purpose-built applications that solve the challenges that compliance, risk, HR, and organizational leaders face every day. It consists of three suites of solutions—one for ethics and compliance tasks, one focused on environmental, social, and governance, and one on integrated risk management.

The NAVEX value is one of unification, process automation, and organizational insights. With our NAVEX One GRC Platform, we offer a 360-degree view of risks across an entire organization with solutions that are consistent in user experience, as well as integrated, and secure.



NAVEX is the recognized leader in risk and compliance management software and services, empowering thousands of customers around the world to manage and mitigate risks with confidence. NAVEX's mission is to help customers promote ethical, inclusive workplace cultures, protect their brands and preserve the environment through sustainable business practices.

For more information, visit [NAVEX.com](https://www.navex.com) and our [blog](#). Follow us on [Twitter](#) and [LinkedIn](#).



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