# DC Chapter Sponsored Training

June 15, 2022
12:00 PM – 12:30 PM

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## Welcome!

**Please note the following:**

- All attendees are in listen only mode
- This training does **not** offer CPEs
- This training will be recorded
- If you have any questions, please use the QUESTIONS tab on your control panel

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# COMPLIANCE BUILT TO LAST

*Leading Practices of Compliance Programs that Stand the Test of Time*

**Presented by**
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**Senior Manager**
**June 15th, 2022**

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## COMPLIANCE PROGRAM

An internal organizational function that monitors and supports compliance with internal policies and procedures, external laws and regulations, and ethical practices.

### COMPLIANCE PROGRAMS SHOULD BE…

- **FLEXIBLE** – the ability to adapt and evolve is critical.
- **TAILORED** – there is creativity in compliance!
- **REALISTIC** – start small with the ability to scale by risk.
- **MEASURED** – how can you tell your program is effective?

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## ELEMENTS OF A COMPLIANCE PROGRAM

- Leadership, Governance, and Culture
- Standards, Policies, and Procedures
- Risk Assessment and Prioritization
- Auditing, Monitoring, and Reporting
- Education and Training
- Program Assessment / Continuous Improvement

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## LEADERSHIP, GOVERNANCE AND CULTURE

### "EVERY ORGANIZATION HAS THE EXACT COMPLIANCE PROGRAM IT WANTS"
*– Donna Boehme*

- Get leadership on board early
    - Anchor program to the WHY (think beyond the requirement)
    - Include leadership buy-in from outside offices
    - Determine level of resources leadership is able/willing to commit

- Management support follows when the right leaders buy-in
- Communications from leadership reinforce commitment

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## LEADERSHIP, GOVERNANCE AND CULTURE

- Governance roles and documents are must-haves
  - Create/delegate the right roles to the right people
  - Establish responsibilities with Charter that reiterates the WHY
  - Set scope of the program (codify boundaries / handoffs)

- Culture eats strategy for breakfast
  - How can you weave your program into the existing culture?
  - What type of compliance program is your office ready for?



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## STANDARDS, POLICIES AND PROCEDURES

### "IF YOU DON'T KNOW WHERE YOU ARE GOING, YOU'LL END UP SOMEPLACE ELSE"
*– Yogi Berra*

- Read everything
  - There is no substitute for doing the work; you are THE expert
  - Key tasks include but are not limited to
    - Inventory guidance
    - Establish document hierarchy
    - Confirm requirements
    - Identify existing process controls
  - Stick to the scope (governance documents), avoid rabbit holes

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## STANDARDS, POLICIES AND PROCEDURES

- Expect gaps in policies and procedures

  - Perform gap assessments (internal v. Federal, internal v. Parent Agency and internal v. internal)

  - Establish relationship with Policy & Procedure group(s)

  - Determine **source of truth** – current state process or narrative

- Document your compliance program

  - Mission of the compliance program

  - Governance process, roles and responsibilities

  - Full review cycle (risk assessment → auditing / monitoring → reporting → program assessment)

  - Tools / templates, communication methods, education / training

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## RISK ASSESSMENT AND PRIORITIZATION

### "IT'S NOT A CALCULATED RISK IF YOU HAVEN'T CALCULATED IT"
*– Naved Abdali*

- Baseline assessment is the foundation of any program
  - Don't go at it alone
  - Leverage existing audit / control activities for risk information
  - Start with a framework - GAO Green Book / COSO, OMB A-123
  - Prioritize risk using weighted scorecard (e.g., likelihood v. impact)

- Depth of assessment is a function of resource availability, risk tolerance and the program's span across offices / divisions

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## RISK ASSESSMENT AND PRIORITIZATION

- Roadmap to proceed
  - Refine compliance program scope for a particular review cycle
  - Serves as baselines for auditing, monitoring, and reporting plans

- Assessing risk never ends
  - People, processes, systems and regulations constantly change
  - Assessments are dynamic and ongoing within and across cycles
  - Accurate risk assessments make effective compliance programs

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## AUDITING, MONITORING AND REPORTING

**"IF YOU CAN'T DESCRIBE WHAT YOU ARE DOING AS A PROCESS, YOU DON'T KNOW WHAT YOU ARE DOING"**
*– W Edwards Deming*

- Standardization leads to efficiency, scalability, and sustainability
  - Support consistent approach and execution with templates
  - Index review steps to source of truth (regulation, guidance)
  - Context is king - link attribute result, narrative, condition and / or corrective action
  - Create common sense folder structure and archiving system

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## AUDITING, MONITORING AND REPORTING

- Communicate stakeholder requirements ahead of time
  - Ensure there are no surprises
  - Be flexible (this is not an external audit)
  - For first-time programs, vet PBC-type lists

- Tailor reporting to audience
  - Report the right level of detail; use visualization and impact statements
  - Be strategic about who should deliver the results
  - Pair results with preliminary corrective actions and process improvements

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## TRAINING AND REMEDIATION

"THE ONLY THING WORSE THAN TRAINING YOUR EMPLOYEES AND HAVING THEM LEAVE IS NOT TRAINING THEM AND HAVING THEM STAY"
*– Henry Ford*

- Training is the most important line of defense for a compliance program
  - Training ≠ internal policy and procedure update
  - Training can be general or targeted depending on results

- Key Considerations
  - Institutionalize training program for new employees
  - Create a system for providing updates and refreshers for ongoing employees

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## TRAINING AND REMEDIATION

- Effective remediation allows program to shift focus to other risk areas
    - Group compliance program results into categories, discuss with stakeholders to understand root causes
    - Create proactive mitigation and retroactive remediation steps
    - **Build compliance into business operations**
    - Increase amount and dependability of built-in control; leads to limited testing
    - Design solutions, coordinate with related activities, assess for burden and integration

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## PROGRAM ASSESSMENT / CONTINUOUS IMPROVEMENT

**"WHAT GETS MEASURED GETS MANAGED"**
*– Peter Drucker*

- Know if your program is truly effective
    - Conduct annual review of documented compliance program
    - Continually review individual policies and procedures
    - Benchmark against prior year(s) statistics
    - Conduct internal stakeholder surveys on review cycle and/or trainings
    - Compare your program to entities with similar or identical function
    - Measure real-time throughputs to right-size resources/tolerated risk levels

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## PROGRAM ASSESSMENT / CONTINUOUS IMPROVEMENT

- As your organization changes, so does your compliance program

  - Expect to evolve the program every review cycle / year

  - Take lessons learned seriously

  - **View as both a risk management and process improvement function**



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# ? QUESTIONS

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Have a great summer!

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