

Tips for developing Compliance Policies, Procedures and Your Code

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1

"Here is Edward Bear, coming downstairs now, bump, bump, bump, on the back of his head, behind Christopher Robin. It is, as far as he knows, the only way of coming downstairs, but sometimes he feels that there really is another way, if only he could stop bumping for a moment and think of it."

A. A. Milne



Policies and Procedures

3

Why Should Organizations Have Policies & Procedures

- Makes clear to employees how they should act.
 - Evaluations
 - Accountability
 - Discipline
- May improve efficiency and workflow
- Brings consistency and clarity

4

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The Organization's Code of Conduct

- Company's ethical attitude
- Emphasis on compliance with all applicable laws and regulations
- Applies to all employees and all representatives
- Tailored to culture, business, corporate identity
- Should be plain and concise

5

Code of Conduct - Employees

- All employees should sign attestation annually
- Training should be provided on the Code
- Compliance with the Code should be enforced consistently
- Discipline for noncompliance should be stated in the Code

6

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First things First

- Conduct a policy and procedure audit to identify any duplicative policies or procedures
- Discuss with those that will be affected by the new policy or procedure and LISTEN
- Develop a communication plan for the new policies and/or procedures
- Determine the "grade level" that should be used in writing the policy or procedure

7

"It is more fun to talk with someone who doesn't use long, difficult words but rather short, easy words like
"What about lunch?"

A. A. Milne



8

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Policy Vs. Procedure

- Policy
 - Statement of an approach to an issue – To set direction
 - Guide or governing principle
 - Rules that govern the organization
- Procedure
 - Defines implementation of the policy
 - Outlines steps to be taken

9

Components of Policy

- Title
- Policy Number
- Program Area
- Purpose Statement
- Definitions
- Responsible Party
- Effective Date
- Review Date
- Other P&Ps related
- Applicability to whom
- Effect of non-compliance

10

Compliance-Related Policies and Procedures

- Examples of Compliance Policies:
 - Non-retaliation
 - Record Retention
 - Conflict of Interest
 - Auditing and Monitoring
 - Investigations
 - Others

11

Elements of Policies and Procedures

- Address areas of risk
- Consistent with laws, regulations, industry requirements
- Consider implementation
 - How will be applied?
 - How will it be communicated?
 - How often will it be updated?
 - How will you monitor for adherence?

12

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Types of Policies and Procedures: Structural Vs. Substantive

Structural

- Framework
- "How" something will operate
- Examples:
 - Disciplinary Action Policy
 - Self-disclosure process
 - Record retention

Substantive

- Defines how laws and regulations apply to the organization
- Defines risk areas and appropriate/inappropriate behavior
- Examples:
 - Process for filing claims
 - Content and frequency of audits

13

Drafting Policies and Procedures

- Applies to Policies and Procedures
 - Use active voice
 - Be consistent
 - Use common words
 - Consider translation

14

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Policies

- Consider who they apply to
- Clear and easily understood
- Avoid legalese
- Assure they are duplicative

15

Procedures

- Tie to a policy
- Be sure you can implement
- Spell out acronyms
- Include steps for completing forms
- Responsible party

16

Approval and Review

- Define who has authority to approve new policy
- Schedule a regular review process
- Assure there is a policy on policies
- Assure someone is responsible

17

Summary of Stages in Effective Policy and Procedure Development

1. Identify need
2. Identify who will take the lead
3. Gather information
4. Draft policy
5. Consult with stakeholders
6. Finalize and approve policy
7. Consider whether a procedure is needed
8. Communicate and implement
9. Monitor, review, revise

18

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Sample Form – For Ethics and Compliance department to use in collecting and categorizing P&Ps

Category: i.e. Policy or procedure/subject

Title: i.e. "gift policy"

Summary: Brief statement of what it covers

Target Group: i.e. all employees, purchasing dept, Board

Risk Addressed: i.e. Anti-kickback

Creation Date: 1/1/06

Approval Required: i.e. Board,, head of business unit

Owner: i.e. Compliance Officer

Review Schedule: i.e. at least yearly or as needed

Last Reviewed: 1/7/06

Audit Schedule: 1/5/06

Audit Responsibility:
Compliance dept, Internal Audit

Revised: i.e. 1/07

Records Maintained By: i.e. Compliance, Joe Brown

19



DID YOU
ever
STOP
TO THINK,
AND FORGET
to Start again.
AAMILNE

20

