



# **COMPLIANCE PROGRAM MANUAL COMPLIANCE ASSESSMENT TOOL CROSS-WALK TO DOJ EXPECTATIONS**

Version Date: [Date of Last Annual Review as Month.Day.Year]

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**Policy Statement**

As part of its Compliance Program, our organization shall annually complete the following assessment tool for the purposes of evaluating the current state of our organization’s Compliance Program and establishing any considerations for continuous improvement.

**Definitions**

<p><b>Federal Sentencing Guidelines for Organizations</b></p>	<p>The United States Sentencing Commission provides an outline of organizational expectations regarding a compliance and ethics program. To the extent such expectations are in place – if an individual or individuals in the organization commit a crime or is involved in a non-compliance activity to which the organization is held accountable, the organization may receive credit for its implementation of a compliance program at sentencing.</p> <p><a href="https://www.ussc.gov/guidelines/organizational-guidelines">https://www.ussc.gov/guidelines/organizational-guidelines</a></p>
<p><b>April 2019 DOJ Guidance</b></p>	<p>The Department of Justice has provided guidelines to U.S. Attorneys regarding application of the Federal Sentencing Guidelines for Organizations when deciding to investigate, prosecute and/or settle with organizations accused of misconduct. The guidelines include questions that U.S. Attorneys can use to determine the actual effectiveness of the compliance program.</p> <p><a href="https://www.justice.gov/jm/jm-9-28000-principles-federal-prosecution-business-organizations">https://www.justice.gov/jm/jm-9-28000-principles-federal-prosecution-business-organizations</a></p> <p><a href="https://www.justice.gov/opa/pr/criminal-division-announces-publication-guidance-evaluating-corporate-compliance-programs">https://www.justice.gov/opa/pr/criminal-division-announces-publication-guidance-evaluating-corporate-compliance-programs</a></p> <p><a href="https://www.justice.gov/criminal-fraud/page/file/937501/download">https://www.justice.gov/criminal-fraud/page/file/937501/download</a></p>
<p><b>Organization Specific Activities</b></p>	<p>Those activities which demonstrate adherence to the expectation and which address the assessment question. References to materials, metrics, training, etc. should be provided.</p>
<p><b>Organization Continuous Improvement Ideas</b></p>	<p>If an element is not being fully addressed, an improvement idea should be noted and discussed with management.</p> <p>Where the element is believed to be appropriately managed, continuous improvement ideas should still be identified and discussed with the appropriate management team so that, using a risk-based approach, all opportunities to improve when time and resources allow, can be maximized. There should not be an expectation that every area has an improvement initiative underway at all times.</p>

Assessment Overview, Reporting, and Guidance

- 1) *Information Regarding Assessment Completion and Reporting*
  - a) Provide an overview of the scope of the assessment and process for distributing assessment findings.
  - b) The assessment should be conducted by individuals familiar with the federal sentencing guidelines, expectations for compliance within our organization’s line of business and regulatory environment, and methodology for compliance, internal audit, and root cause analysis.
  - c) Periodically, independent outside reviewers should be considered for validating the assessment.

Date Assessment was Completed:	
Period the Assessment Covered:	
Individual Accountable for the Assessment:	
Individuals Participating in the Assessment:	
Qualifications of Those Participating in the Assessment:	
Distribution of Assessment Findings (Executive Leadership Team, Executive Compliance Committee, Board, Board Committee):	
Other Comments Regarding the Assessment:	

Federal Sentencing Guidelines Alignment and Assessment

Federal Sentencing Guideline Element	Our Overall Organization Alignment	Department of Justice April 2019 Guidance Questions	Our Specific Activities from the Period Under Review	Our Continuous Improvement Ideas
<p><i>Risk Assessment Process</i></p>	<p>Compliance program risk assessment is conducted and mitigation plans for high risk areas are undertaken. Alignment with overall enterprise risk management efforts is in place.</p>	<p>Has the company's Compliance Program (CP) been tailored based on a Risk Assessment (RA)?</p>		
		<p>What are the methodology and metrics collected to address risks?</p>		
		<p>Does the company proportionately devote time to high risk areas vs. low risk areas?</p>		
		<p>Is the RA subject to periodic review?  Are updates to policies and procedures evident in light of lessons learned?</p>		
<p><i>Policies and Procedures</i></p>	<p>Key compliance and billing policies are in place and reviewed in addition to a company Code of Conduct (CoC) and Employee Handbook.</p>	<p>Are policies and procedures aimed at reducing risk?</p>		
		<p>Does the Code of Conduct (COC) set forth the organization's commitment?</p>		
		<p>What is the process for designing Policies and Procedures?  Who has been involved and have Business Units been involved prior to rolling out the documents?</p>		

## COMPLIANCE PROGRAM ASSESSMENT TOOL

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		<p>Has the company communicated Policies and Procedures to all employees and relevant third parties?</p> <p>Are language barriers addressed?</p>		
		<p>Who has been responsible for policies and procedures rollout?</p> <p>Do employees understand the Policies and Procedures?</p> <p>How are P&amp;P reinforced through internal controls?</p>		
		<p>What guidance and training has been provided to Gatekeepers in the control process, e.g. those with approval authority?</p> <p>Do the Gatekeepers know how to escalate concerns?</p>		
<i>Training and Communications</i>	Training on policies and procedures are in place for all associates with targeted training on higher risk expectations. Annual updates are conducted.	<p>Has periodic training occurred for all employees and directors?</p> <p>Does training include education on prior incidents?</p>		
		<p>What training has been offered for employees in control functions?</p> <p>Has there been training that addresses risk where misconduct has occurred? What analysis has been performed to determine the content and risks?</p>		

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		<p>Is the training language appropriate?</p> <p>On-line or in-person or both and rationale?</p> <p>How does the company measure the effectiveness of the training?</p> <p>How will the company address those that fail the training?</p>		
		<p>What has senior management done to let employees know about the Company's position on misconduct?</p> <p>What communications have occurred for the termination of an employee due to a misconduct?</p>		
		<p>What resources are offered to employees to provide guidance regarding P&amp;P?</p> <p>Has the company assessed whether the employees know when and who to seek advice?</p>		

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<p><i>Confidential Reporting &amp; Investigations</i></p>	<p>A confidential helpline is maintained and advertised to all associates on a regular basis. Investigations are confidential, timely and conducted by trained individuals. The non-retaliation policy is a key part of annual training.</p>	<p>Are there an existing and well-trusted mechanism for employees to report allegations anonymously or confidentially?</p> <p>Has the complaint process created a workplace atmosphere without fear of retaliation and process to protect whistleblowers?</p> <p>Is there appropriate investigation of complaints of retaliation, timely follow-up and discipline?</p>		
		<p>Does the company have anonymous reporting?</p> <p>How has the reporting been communicated to employees?</p> <p>How has the company assessed the seriousness of allegations?</p> <p>Has the Compliance Officer (CO) had full access to the reporting and investigative information?</p>		
		<p>How are complaints assessed for merit and further investigation?</p> <p>How does the company ensure the investigations are scoped, independent, objective and properly documented?</p> <p>How does the company determine who does the investigation and who makes the determination?</p>		



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		<p>Does the company apply timing metrics to ensure responsiveness and monitor outcomes of investigations ensuring accountability to the findings?</p> <p>Has the company collected, tracked, analyzed, and used information from its reporting mechanism?</p> <p>Are their patterns of misconduct or other red flags?</p>		
<p><i>Third Party Management</i></p>	<p>Third parties doing business with our organization are identified and risk ranked with higher risk third parties undergoing additional compliance scrutiny. All are required to submit certifications of compliance. Billing data is monitored for anomalies.</p>	<p>Does the company assess and understand the qualifications and associations of third parties, e.g. agents, consultants, distributors?</p> <p>Is there a business need identified with a third-party transaction?</p> <p>Does the company regularly perform due diligence, monitoring, and audits of the third party and/or annual compliance certifications by the third parties?</p>		
		<p>How has the company's third-party management process corresponded to the nature and level of the enterprise identified?</p> <p>Has the process been integrated into procurement and vendor management processes?</p>		

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		<p>Is there business rationale for the use of third parties?</p> <p>What mechanisms exist to ensure services are being performed, payment terms are appropriate and compensation is commensurate with the services rendered?</p>		
		<p>Has the company analyzed compensation and incentive structure for third-parties against compliance risks?</p> <p>Does the company exercise rights to audit books and accounts of third parties?</p> <p>How does the company train its third-party relationship managers about compliance risk?</p> <p>How does the company incentivize compliance and ethical behavior by third parties?</p>		
		<p>Are red flags identified from due diligence of third parties and how are they addressed?</p> <p>For companies terminated or involved with misconduct, are there processes identified to prevent rehiring?</p> <p>Have third parties been suspended, terminated or audited as a result of a compliance issue?</p>		

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<i>Mergers and Acquisitions</i>	Compliance due diligence is conducted at a high level prior to an M&A decision. Within the first quarter after an acquisition, a full detailed compliance assessment is completed. All new associates are training on our expectations within the first thirty days.	Are pre-M&A due diligence performed on acquisition targets?		
		Was misconduct identified during due diligence?		
		Who conducted the risk review, how was it done and what is the general process?		
		How has the compliance function been integrated into the merger, acquisition and integration process?		
		Is there a process for tracking and remediating misconduct risks identified during due diligence?		
		Are there policies and procedures for new entities?		
<i>Commitment by Management</i>	Both Board and Executive team compliance committees meet to review the efficacy of the compliance program. Executives regularly champion the program via their communication and actions.	BOD and executives set the tone and demonstrate rigorous adherence by example. Examine how middle management has reinforced standards. Has governing authority exercised reasonable oversight?		
		Senior leaders through words and actions encourage or discourage non-compliance. How have they modelled proper behavior to subordinates?		
		Has management tolerated greater compliance risks in pursuit of new business or increased revenue?		

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		<p>What actions have senior leaders and middle management taken to demonstrate their commitment to compliance including remediation?</p> <p>Have they persisted in that commitment in the face of competing interests or business objectives?</p>		
		<p>What compliance expertise has been available on the Board of Directors?</p> <p>Have the BOD and/or external auditors held executive or private sessions with compliance?</p> <p>What types of information have the BOD and Senior Management examined in their exercise of oversight in which misconduct has occurred?</p>		
<p><i>Compliance Resources</i></p>	<p>The department budget is adequately funded to provide for compliance staff, contractors, tools and resources. A GRC system tracks all compliance requirements.</p>	<p>Has the company allocated sufficient personnel and resources within the compliance function?</p> <p>Is there sufficient seniority within the organization, sufficient resources and sufficient autonomy from management, direct access to the Board?</p> <p>Where is the compliance function housed?</p> <p>To whom does the compliance function report?</p>		

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		<p>How does the compliance function compare with other strategic functions in terms of stature, compensation, rank/title, reporting, resources and access to key decision makers?</p> <p>Has there been turnover for compliance?</p> <p>What role does compliance have in operational decisions?</p> <p>Have there been transactions or deals that were stopped, modified, scrutinized as a result of a compliance concern?</p>		
		<p>Does compliance have the appropriate experience and qualifications for their role and responsibility?</p> <p>Has the level of experience / qualification changed over time?</p> <p>Who reviews the performance of the compliance function?</p>		

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		<p>Has there been sufficient staffing for compliance personnel to effectively audit, document and act on the results of the compliance efforts?</p> <p>Have there been times when requests for resources by compliance and control functions been denied and on what grounds?</p>		
		<p>Do the compliance and relevant control functions have direct reporting lines to anyone on the BOD?</p> <p>How often do they meet with the directors?</p> <p>Are members of Senior Management present for these meetings?</p> <p>How does the company ensure the independence of the compliance and control personnel?</p>		

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		<p>Has the company outsourced all or part of its compliance function to an external firm or consultant?</p> <p>Who is responsible for overseeing the consultant?</p> <p>What level of access does the consultant have to company information?</p> <p>How has the effectiveness of the outsourced process been assessed?</p>		
<p><i>Incentives and Disciplinary Measures</i></p>	<p>Compensation and bonuses are validated annually for compliance risk while disciplinary measures are appropriately enforced commensurate with the violation and circumstances.</p>	<p>Are disciplinary procedures in place, enforced consistently commensurate with the violation?</p> <p>Is there communication to the employees that unethical conduct will not be tolerated?</p> <p>Are incentives in place to promote the Compliance program?</p>		
		<p>Who participates in making disciplinary decisions including the type of misconduct at issue? Is there a consistent process? If not, why?</p> <p>Are reasons for disciplinary action communicated to employees?</p> <p>Are there legal or investigative reasons for restricting information?</p>		

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		<p>Are disciplinary action and incentives consistently applied across the organization?</p> <p>Are there similar instances of misconduct that were treated disparately and if so, why?</p>		
		<p>How does the company incentivize compliance and ethical behavior?</p> <p>Are there examples of actions taken as a result of compliance and ethics considerations?</p> <p>Who determines the compensation, bonuses, discipline and promotion of compliance personnel?</p>		
<p><i>Continuous Improvement and Periodic Testing</i></p>	<p>An annual review of the compliance program is undertaken as well as benchmarking and root cause analysis after non-compliant incidents are identified. Every other year an external review of the Compliance Program is conducted.</p>	<p>In assessing whether a company's Compliance Program (CP) is working effectively at the time of misconduct, did the company perform a root cause analysis to understand both what contributed to the misconduct and remediation efforts were implemented to prevent such action from occurring again?</p>		
		<p>Has the company engaged in meaningful efforts to review its CP and ensure that it is not stale?</p> <p>Gauging the compliance culture and evaluation the strength of controls versus periodic audits and evaluations are crucial. Are revisions to the CP evident on lessons learned?</p>		



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		<p>What is the process for determining where and how frequently audits are performed?</p> <p>What were the findings? How have the management and the BOD followed up? How often are assessments in high-risk areas conducted?</p>		
		<p>Has the company audited its CP in the area relating to the misconduct?</p> <p>What testing of controls, analysis of data, interviews been undertaken?</p> <p>How are the results reported and action taken?</p>		
		<p>How often has the company updated its risk assessment, policies, procedures and practices?</p> <p>Has a gap analysis been completed regarding policies, controls or training?</p> <p>What steps have been taken to make sure the policies, procedures and practices make sense for business segments?</p>		

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		<p>How often does the company measure its culture of compliance?</p> <p>Is input obtained from all levels of employees?</p> <p>What steps are taken in response to the measurement of the culture?</p>		
<i>Investigations &amp; Root Cause Analysis</i>	Investigations are undertaken by trained individuals and Include appropriate root cause analysis leading to the appropriate improvement in business processes to reduce reoccurrence of the non-compliant incidents.	Does the company have an effective means of documenting the company's response, disciplinary action or remediation?		
		Has the company's investigations been used to identify root causes, system vulnerabilities, accountability of lapses, including among supervisory manager and senior executives?		
		<p>Has the company's investigations been used to identify root causes, system vulnerabilities and accountability lapses, to include senior management and executives?</p> <p>What has been the process?</p>		

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		<p>Does the company perform a root cause analysis of misconduct and remediate the cause?</p> <p>Is the number and level of corporate employees involved, seriousness, duration, frequency, and any remedial action (including disciplinary action against past violators) include revisions to the Policies and/or Trainings in light of lessons learned?</p>		
		<p>What is the company's root cause analysis of the misconduct at issue?</p> <p>Were systemic issues identified?</p> <p>Who in the company was involved in making the analysis?</p>		
		<p>What controls failed?</p> <p>Were policies and procedures effectively implemented that should have prohibited the misconduct and functions that had ownership of the policies and procedures held accountable?</p>		

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		<p>How was the misconduct in question funded (purchase orders, employee reimbursements, discounts, petty cash)?</p> <p>What processes could have prevented or detected improper access to these funds?</p> <p>Have those processes been improved?</p>		
		<p>If vendors were involved in the misconduct, what was the process for vendor selection and did the vendor undergo that process?</p>		
		<p>Were there prior opportunities to detect the misconduct in question, such as audit reports identifying relevant control failures or allegations, complains or investigations?</p> <p>What is the company's analysis of why such opportunities were missed?</p>		
		<p>What specific changes has the company made to reduce the risk that the same or similar issues will not occur in the future?</p> <p>What remediation has addressed the issues identified in the root cause and missed opportunity analysis?</p>		

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		<p>What disciplinary actions did the company take in response to the misconduct and were they timely?</p> <p>Were managers held accountable?</p> <p>Was disciplinary action for failure to supervise imposed?</p> <p>What is the company's record (number and type) of employee discipline relating to the types of conduct at issue?</p> <p>Has the company ever terminated or disciplined (reduced or eliminated bonuses, written warnings) for the type of misconduct at issue?</p>		