Leveraging Compliance Practices
With Business Practices

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Disclaimer: The opinions expressed in this presentation are solely my own and do not express the views or opinions of my employer.
7 Essential Elements of a Compliance Program

- Oversight
- Education & Training
- Standards & Procedures
- Monitoring & Auditing
- Reporting
- Enforcement & Discipline
- Response & Prevention

(paraphrased from the US Federal Sentencing Guidelines)

Compliance is Good for Business

Short Term Approach

Sustainable Approach

“Culture eats strategy for breakfast.”
Peter Drucker
How to Operationalize Compliance

- Identify High Risk Tasks
- Make sure they are performed correctly
- It’s not enough to have policies and train
- Apply policy to operational tasks and job duties
- Focus on:
  - Risks
  - Controls
  - Procedures, Forms & Checklists
  - Monitoring
  - Auditing
  - Specific compliance trainings

Compliance doesn’t happen at the Program level, Risk level or Job-function level
IT HAPPENS AT THE TASK LEVEL

Source: blog.thebroadat.com

Integrating Compliance into Business Strategy - An Example

- Start with a risk area. Example - ‘Anti Corruption’
- Choose a process under that risk. Example – ‘Getting a License’
- Map out tasks that people do in that process
- Remember almost all processes end with someone getting paid
- If you need help in identifying processes consult your auditors
- Pick one of the high-risk tasks in the process
  (It’ll either be a front-line task that creates the risk e.g. ‘engaging a third party’
  or a gatekeeper task that controls the risk e.g. ‘approving 3rd party invoice’)
- Give employees something to read while they are actually doing the task
  (using a checklist while doing a high-risk task vs. memorizing the red flags may both help in being compliant - the former is more likely to ensure compliance CONSISTENTLY)
- Monitoring and reporting - auditing is the way to gauge effectiveness of a compliance program (auditing tasks helps measure what people do vs. what they remember or think)
The TOOL vs. The JOB of Compliance

TRADITIONAL METHOD
- Do a risk assessment
- Spend a year refreshing old policies
- Then train everyone annually
- Get the Compliance Officer to travel to all sites and talk about policies
- Have the CEO talk about compliance at the company’s annual meeting
- Adopt best in class policy training
- Hire a branding agency to create catchy slogans
- Don't give people tools to use and apply compliance in day to day tasks
- Keep promoting policy-level stuff
- Assume sales and marketing will figure out how to apply policies
- If not, they will call the HOTLINE

Result: High rate of Non Compliance

OPERATIONAL METHOD
- Do a risk assessment
- Identify the riskiest activities handled by the company - Prioritize those
- Postpone refreshing outdated policies until you handle critical aspects first
- Realize you may have bad data, but you can still identify high risk activities
- Provide task-based training for targeted employees and third parties
- Provide checklists for tasks
- Have preventive & detective controls
- Collaborate with Finance, HR, Legal to monitor activities
- Enlist internal audit for periodic checks
- Avoid “reactionary” compliance tactics

Result: High rate of Compliance

DON’T CONFUSE the TOOL (Compliance Program) with the JOB (Mitigating Risk)

Seat at the Table for Compliance

- Get past “paper compliance programs”
  - Chief Compliance Officer (CCO)
  - Code of Conduct and Policies
  - Training (onsite and e-learning)
  - Monitoring and Reporting
  - Ethics Hotline
  - Status reports to Audit Committee

- Does the CCO have a seat at the table where organization’s important business is discussed and decided?

- Where is your CCO’s Office?

CCOs need TANGIBLE & INTANGIBLE Indicia of Empowerment
Simplify Tasks using Tools

- BUILD GUIDANCE INTO PROCESSES TO MAKE COMPLIANCE SIMPLE

Local Governance Structure

- INCLUDE OTHER FUNCTIONS IN ENSURING COMPLIANCE

LOCAL GOVERNANCE COMMITTEE

CHARTER

- •
- •
- •
- •
Leverage Compliance Champions

LEVERAGE BUSINESS PEOPLE TO BE COMPLIANCE EVANGELISTS

- INFLUENCE
- ENCOURAGE
- COMMUNICATE
- SUPPORT

Effective Training

REAL-WORLD APPLICATION OF TRAINING LEADS TO COMPLIANCE

- ENGAGE
- RETAIN
- TRANSFER i.e. APPLY
Incentives and Disciplinary Measures

INTEGRATE COMPLIANCE PERFORMANCE INT EMPLOYEE PERFORMANCE APPRAISAL

PROMOTION
BONUS

PERFORMANCE OF HIGH-RISK TASKS

AWARD & RECOGNITION
DISCIPLINARY ACTION

How DOJ assesses Compliance Programs

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<th>CULTURE</th>
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<td>1. Analysis and Remediation of Underlying Misconduct</td>
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<td>2. Senior and Middle Management</td>
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<td>3. Autonomy and Resources</td>
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<td>4. Policies and Procedures</td>
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<td>5. Risk Assessment</td>
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<td>6. Training and Communications</td>
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<td>7. Confidential Reporting and Investigation</td>
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<td>9. Continuous Improvement, Periodic Testing and Review</td>
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<td>10. Third Party Management</td>
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<td>11. Mergers and Acquisitions (M&amp;A)</td>
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GOVERNANCE

EDUCATION

ACCOUNTABILITY
**Culture**

Is the **Tone** At the Top

- **STRONG**
- **VISIBLE**
- **EXPLICIT**

Does your **Compliance** Team Have

- **STATURE**
- **FUNDING**
- **RESOURCES**

Source: blog.thebroadat.com

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**Governance**

ARE THE COMPANY’S **POLICIES** AND **PROCEDURES**

- **IN WRITING**
- **UNDERSTANDABLE**
- **EASILY FINDABLE**
- **TRANSLATED/LOCALIZED**
- **REVIEWS & UPDATED TIMELY**

Source: blog.thebroadat.com
**Education**

Are the company’s training and communications delivered frequently and given to third parties practically: tell what to do and tell who to call.

*Source: blog.thebroadat.com*

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**Accountability**

Does the company consistently and fairly reward good behaviour, hold third parties accountable, and punishing bad behaviour.

*Source: blog.thebroadat.com*
Thank you very much for your attention!