

# Taming the Terrain: A Value-Added, Risk-Based Compliance Program

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## Do You Need a Compliance Program?

**If this question ever crosses your mind, think about the following:**

- Is your business governed by laws and regulations?
- Does your business employ people?
- Does your business have customers who can walk over to your competitors if there is a negative news story about your organization?
- Is there a regulatory enforcement regime?

*Have your answer?*

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## What is Compliance Risk?



**Compliance Risk** is the risk of diminished financial, organizational, or reputational standing as the result of the failure to comply with laws, regulations, codes of conduct, or company standards of practice.

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## Managing Compliance Risk

A **Compliance Function** is responsible for developing, implementing, maintaining, and enhancing an independent system of internal controls, as well as monitoring and inspections designed to identify, assess, measure, monitor, test, and report on Compliance Risks.

A **Compliance Program** is a set of internal policies, procedures, and practices that are tailored to the type, size, and circumstances of an organization.

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## Establishing a Compliance Program

### Compliance Framework

- Key Laws and Regulations
- Policies and Procedures
- Identification and Evaluation of Compliance Risks
- Infrastructure and Resources for Compliance Function

### Governance Structure

- Board of Directors Oversight
- Independence of Compliance Officers
- Reporting Channels

### Ownership & Accountability

- Establish and Document Responsibilities Among Board, Senior Management, Business/Functions and Compliance Staff
- Make People Accountable for Their Areas of Responsibilities
- Disciplinary Actions for Non-Compliance

### Reporting & Communication

- Establish Regulatory and Incident/Issue reporting
- Develop Designated Communication Flow Within and Outside Organization



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## Elements of a Compliance Program



**Corporate Culture** impacts and supports the mission, vision, and values of an organization. **Regulatory Culture** strengthens the implementation of key laws and regulations, with changing environments, and enforces discipline.



**Key Laws and Regulations** applicable to your company, based on the industry, jurisdiction, customers served, etc.

**Policies and Procedures** to manage regulatory expectations, which are not only the foundation of a successful Compliance Program, but they guide the Compliance Officer, executive management and the employees with regard to what the Company expects from them, as well as how to operate effectively.



**Training and Communication** to create and sustain awareness of compliance policies and procedures; opens communication channels for employees to raise questions and concerns, as well as report instances of actual or potential non-compliance.

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## Elements of a Compliance Program



**Compliance Risk Assessment** helps an organization to identify and understand risk exposures by assessing and measuring its likelihood and impact; assists in determining resource allocation needs for risk mitigation.



**Advisory Work** assists the board, senior management, and employees with understanding the changing regulatory landscape and the significance and potential implications of Compliance Risk.

**Monitoring and Testing** support the business to align decisions within the requirements of policies, procedures, and regulations. Highlights instances of non-compliance in order to mitigate Compliance Risks to acceptable levels.



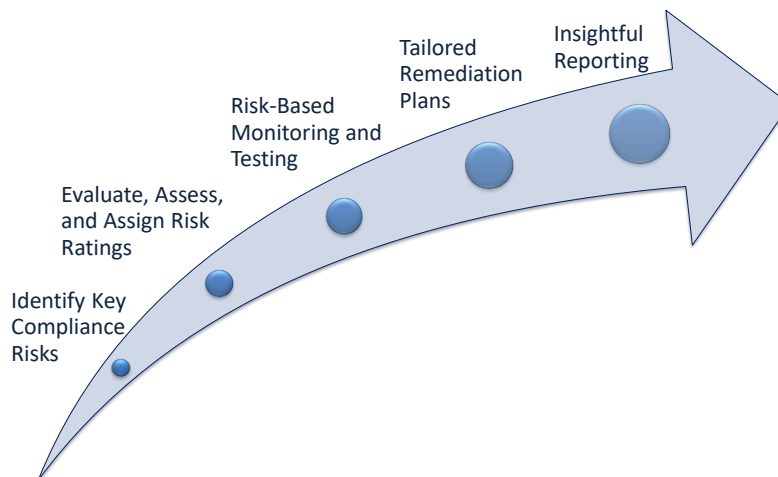
**Issues Management and Reporting** of results of Compliance Risk Assessments, highlighting changes to the compliance risk profile (including instances of non-compliance) for senior management, the Board, and regulators. These practices are designed to foster awareness and commitment to compliance, as well as ensure appropriate implementation of appropriate, risk-based remediation plans, which are tracked to closure.

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## Sustainable Risk-Based Compliance Program

A **risk-based** approach to **compliance** requires identifying the **significant compliance risks** within your organization, as well as building and prioritizing your **compliance program** accordingly.

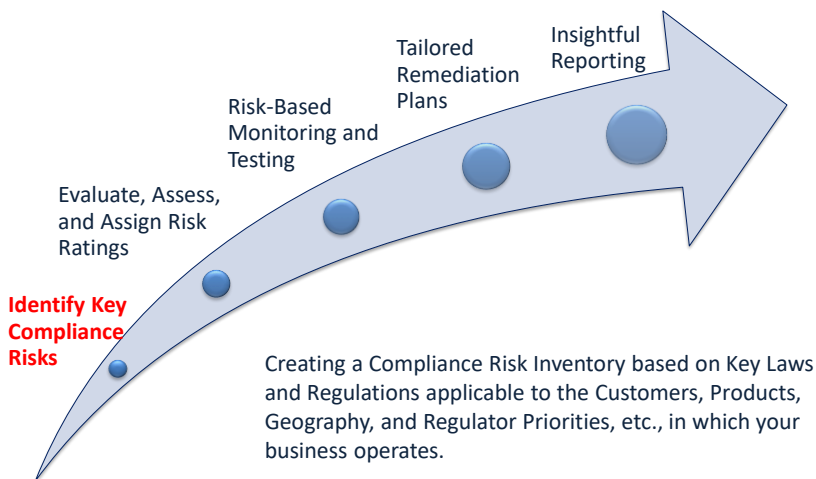


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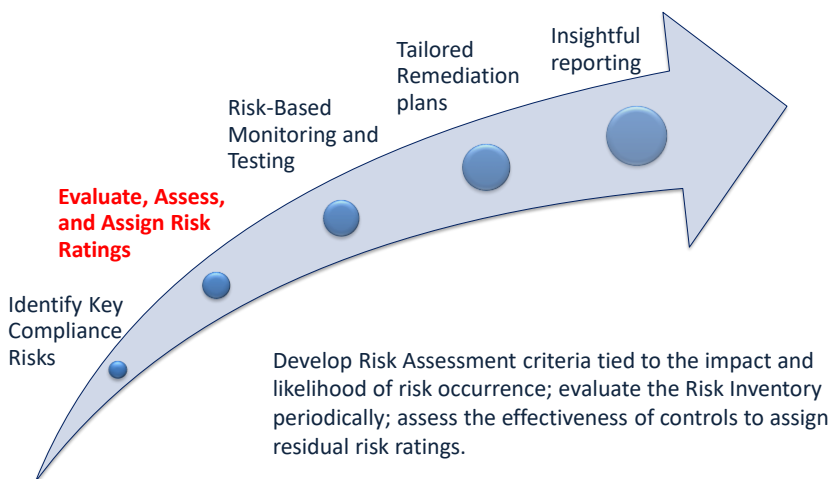


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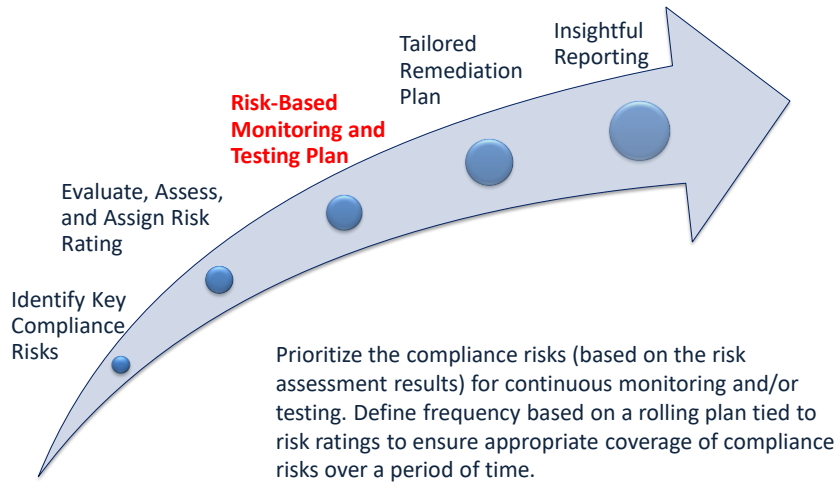


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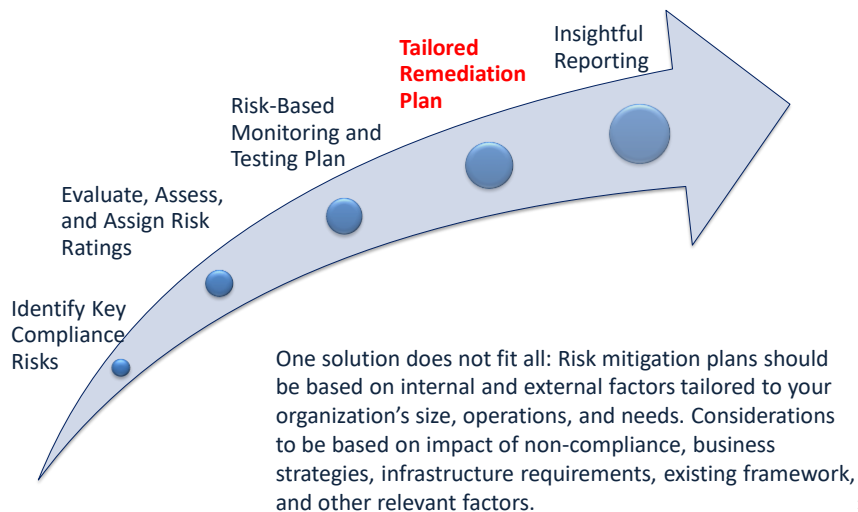


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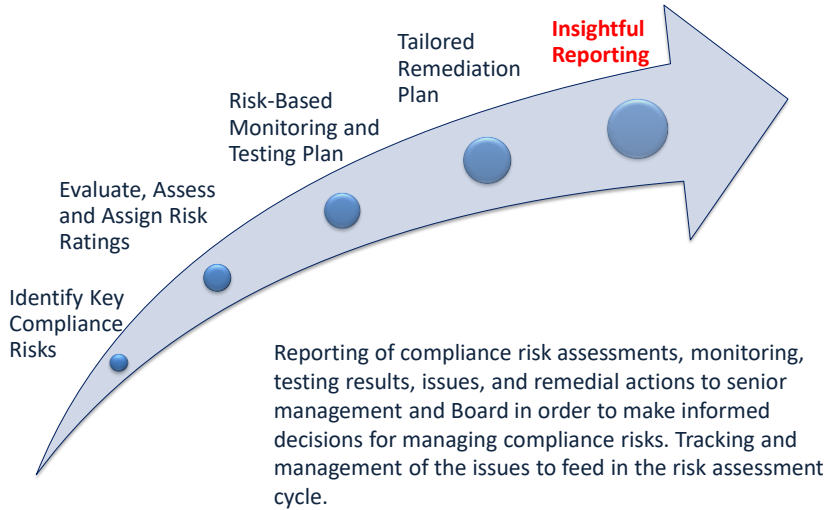


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### Continuous Improvement – Maturation of Compliance Program



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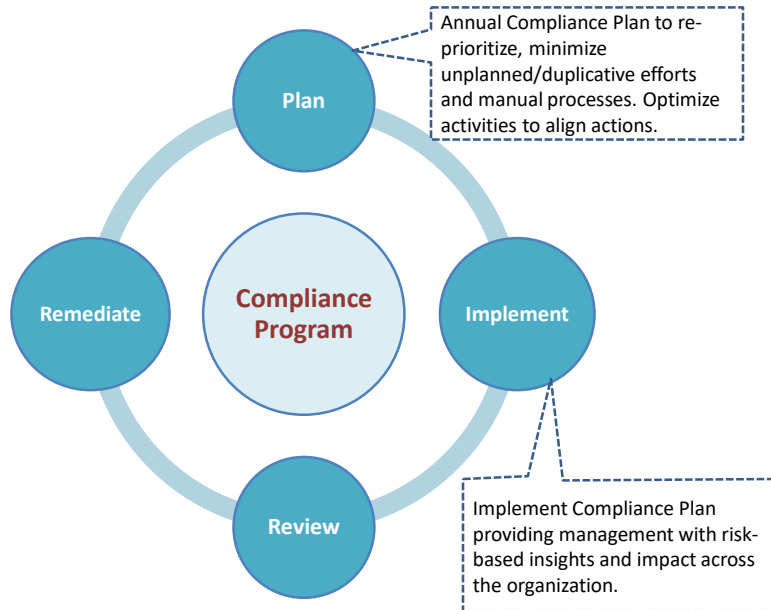
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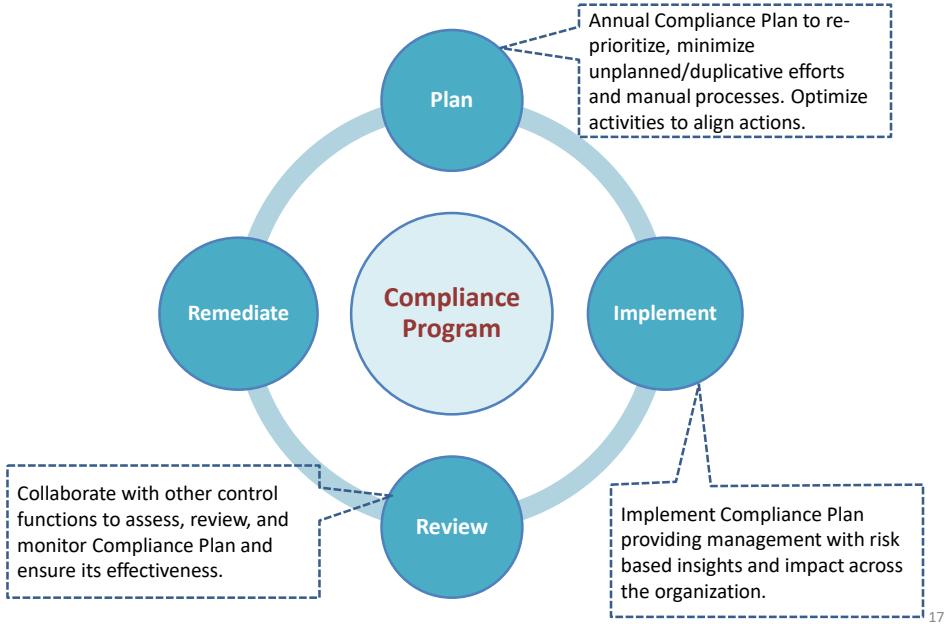


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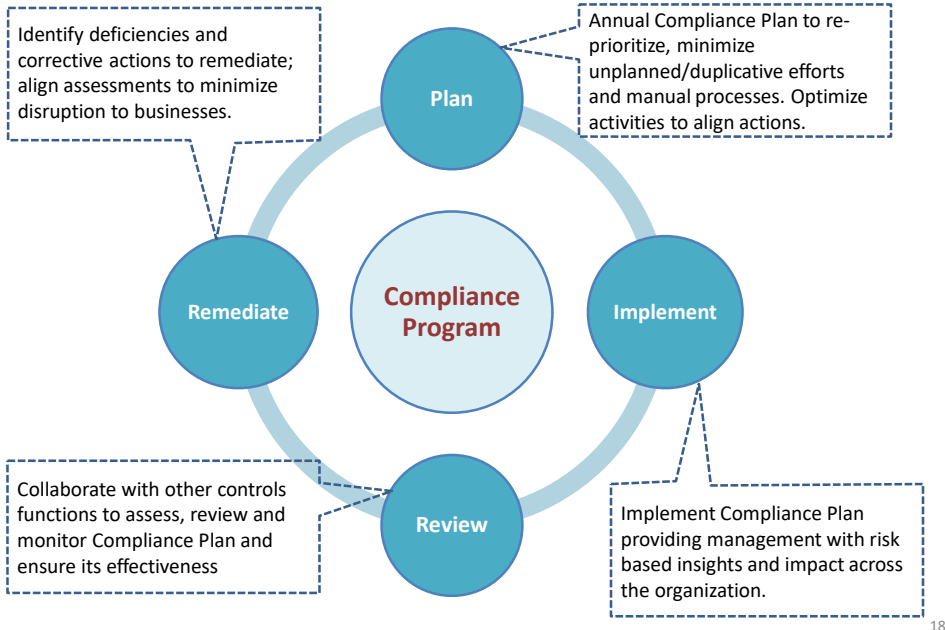


### Continuous Improvement – Maturation of Compliance Program



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## Summary

- Act Now – with resources and information available
- Governance Structuring
- Risk Assessment
- Monitoring and Surveillance
- Testing
- Reporting Assessment Results
- Issue and Action Plan Management
- Continuously Improve the Program
- Engage with Stakeholders, Senior Management, and Board at all stages

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Questions?

THANK YOU!

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