7 Steps to Creating a Culture of Ethics, Integrity and Compliance

By NAVEX Global

A corporate culture of integrity must be intentionally shaped. In effective compliance programs, this intention manifests itself in several core elements that operate to prevent, detect and correct problems. These elements have become the gold standard for compliance programs in all industries and have been embraced by standard-making bodies worldwide.

This list can then be prioritized based on the needs of your organizational culture and likelihood and magnitude of potential problems.

1. DESIGNATE A COMPLIANCE OWNER

Your compliance program must have a designated owner. This owner is often called the "compliance officer" or, even better, the "compliance and integrity officer" to denote that the program is about doing the right thing, not just legal compliance. This person should be a well-qualified member of senior management with direct access to the organization's governing body, and with reporting responsibility to the top tier of executive management.

2. IMPLEMENT WRITTEN STANDARDS AND PROCEDURES

Every organization needs a code of conduct. The code applies to all employees, and to those who do work on the organization's behalf. The code is an important vehicle for communicating executive management's clear commitment to organizational culture and ethics, integrity and compliance. The document should state the organization's mission, goals, values and compliance standards – plus the requirement for appropriate staff to adhere to their professional codes of conduct. The risks that are addressed in the standards and related documents should track with the organization's risk profile, with more attention being given to the organization's unique high-risk topics, such as harassment, health and safety, and conflicts of interest.

3. CONDUCT APPROPRIATE TRAINING AND AWARENESS

As part of the compliance program, organizations should require specific training on a periodic basis for all employees and other contracted staff. This is essential to communicate and reinforce values and standards, meet legal obligations and mitigate legal, reputational and operational risks. And training can help change behavior and reduce instances of wrongdoing through prevention.

The process for building an effective training and communication plan begins with the list of risk areas from a risk assessment. Determine the audiences needing education in each risk area, and the depth and frequency of training needed based their jobs and risk exposure. Then settle on education methods and establish a training calendar.

4. DEVELOP OPEN LINES OF COMMUNICATION

Offering employees a safe way to report problems and issues is critical for a strong organizational culture. Fear of retaliation is one of the most common reasons that staff refuse to speak up about poor care or other misconduct.

Organizations should encourage open-door reporting to management. There should also be an open line of communication directly to the compliance officer and the compliance committee. Additionally, anonymous routes of reporting should be provided in areas where anonymity is permitted. This is commonly a toll-free helpline and a web-based reporting system, which complies with local data privacy laws.

Combat skepticism and improve corporate culture by publishing anonymized or sanitized reports of issues that have been addressed. Not only does this demonstrate that the organization hears and takes such reports seriously, it also provides another way to educate staff on what is and is not accepted behavior – and how the organization will handle conduct that steps over the line.

5. CENTRALLY MANAGE ALL REPORTS AND ALLEGATIONS

Reported concerns should all be added to a centralized database. That database should also collect the helpline and/or web-reported cases, plus those that come directly to compliance staff and managers.

A good case management system enables consistent data collection from multiple departments, geographies and people. This allows compliance professionals to complete an aggregate analysis of the issues so that data trends can inform improvements in policies, training or processes. Connecting data from various parts of the organization can also be an important tool in detecting and correcting broader problems.

6. RESPOND CONSISTENTLY AND APPROPRIATELY TO ALLEGED OFFENSES

Reports of misconduct cannot be ignored, discounted without inquiry or left to languish for long periods of time. Case managers must respond to all reports within a short timeframe to make sure the reporting employee knows that the complaint was received and is under review.

Case managers will typically triage cases based on type of issue and determine – often along with the compliance officer or others – whether the issue can be handled directly, or if an investigation is warranted. All investigations should follow a written protocol or process to ensure consistency and to alert, consult and involve the right people.

Investigators should have the training, expertise and subject matter knowledge to conduct an investigation effectively. Depending on the allegation, organizations should consider engaging outside resources – such as lawyers or auditors – to assist with certain investigations.

7. AUDIT, MONITOR AND ADAPT AS NEEDED

Compliance programs should include auditing and monitoring for violations of laws, policies and standards of conduct. They should also include audits of compliance program processes to ensure effectiveness and identify areas for improvement.

Audit plans should be re-evaluated annually to ensure that they are focused on appropriate areas of concern with consideration of prior audit findings as well as new risk assessments. Results of the audits should be shared with the organization's compliance officer for analysis of the compliance risk environment and implementation of any needed improvements.

Achieving a strong organizational culture and ethics requires more than simply adding rules and additional layers of controls. There must be an integrated effort that aligns financial and compliance requirements with the organization's mission and values. Positioned this way, employees are much more likely to understand and accept the necessity of compliance – and to do so while staying true to everyone's commitment to creating a strong culture of ethics, integrity and compliance.

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