

# Elements of an Effective Compliance & Ethics Program

To be effective, a compliance and ethics program must exercise due diligence to **prevent and detect criminal conduct** and **promote an ethical organizational culture**.

## 1. Standards and Procedures

Establish standards and procedures to prevent and detect criminal conduct

## 2. Oversight

The governing authority must be knowledgeable about the content and operation of the program and exercise oversight with respect to its implementation and effectiveness

## 3. Due Diligence in Delegating Authority

Avoid placing substantial authority in those whom the organization should have known had engaged in conduct inconsistent with a compliance and ethics program

## 4. Education and Training

Take reasonable steps to communicate standards and procedures and other aspects of the program throughout the organization

## 5. Auditing and Monitoring

Take reasonable steps to ensure that the compliance program is followed, including monitoring and auditing, evaluating the program's effectiveness, and providing a method to report criminal conduct without fear of retaliation

## 6. Enforcement and Discipline

Promote and enforce the program consistently throughout the organization

## 7. Response and Prevention

Respond appropriately to criminal conduct and prevent further similar criminal conduct

## 8. Risk Assessment

Take steps to design, implement, or modify each requirement above to reduce the risk of identified criminal conduct

### 2017 Dept. of Justice Evaluation Guidelines

- Prevention
  - Strong "tone at the top"
  - Properly designed policies
  - Strong training programs
- Detection
  - Addressing "red flags"
  - Open flow of communication across the organization
- Response
  - Timely, credible investigations
- Remediation
  - Ongoing improvement of CEP

Federal Sentencing Guidelines Manual, Ch.8 Sentencing of Organizations, Part B2 Effective Compliance and Ethics Program (2010). [http://www.ussc.gov/Guidelines/2010\\_guidelines/Manual\\_HTML/8b2\\_1.htm](http://www.ussc.gov/Guidelines/2010_guidelines/Manual_HTML/8b2_1.htm)