Is Your Compliance Program Working to Mitigate Compliance Risk?

The *Federal Sentencing Guidelines* require "reasonable steps to evaluate periodically the effectiveness of the organization's compliance program."

The Department of Justice's *Evaluation of Corporate Compliance Programs* provides guidance for prosecutors as they evaluate compliance programs and answer three fundamental questions:

1. Is the corporation's compliance program well designed?
2. Is the program being applied earnestly and in good faith? In other words, is the program being implemented effectively?
3. Does the corporation's compliance program work in practice?

The Office of the Inspector General (OIG) and the Health Care Compliance Association (HCCA), have published *Measuring Compliance Program Effectiveness: A Resource Guide,* a list of 401 possible metrics for measuring compliance program effectiveness ("What to Measure") and 630 recommendations for how to measure against the metrics ("How to Measure").
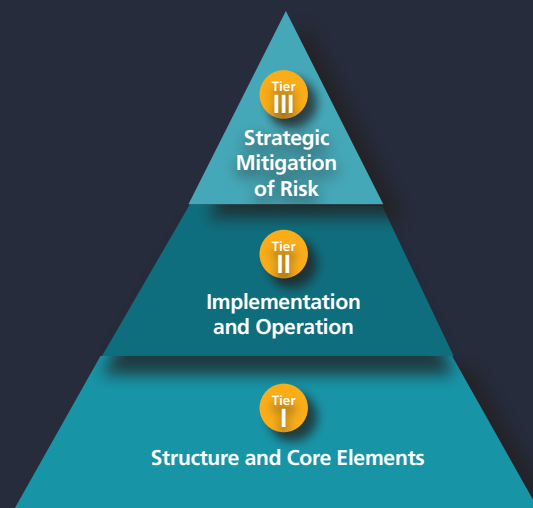
How does your organization evaluate its compliance program?

Arete's Approach to Compliance Program Evaluation

Arete's compliance program evaluation process has been designed to evaluate both the core structure of a compliance program (the "seven elements"), and the uniqueness that each compliance program takes on as it seeks to be impactful in its organizational culture, and effective at mitigating the organization's unique compliance risks.

Three-Tier Approach

At Arete we have developed a three-tier approach to evaluating the structure and operation of compliance programs. This approach allows us to provide meaningful feedback – to confirm where organizations are doing well, and to help facilitate improvement of compliance programs – at every stage of a program's development and maturity cycle.

Tier III
Strategic Mitigation of Risk

Tier II
Implementation and Operation

Tier I
Structure and Core Elements

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Tier I: Structure and Core Elements.

Our Tier I evaluation is focused on the structure and core elements of a compliance program. At this level our objective is to help an organization understand and evaluate at a foundational and structural level how its organizational compliance program measures up against the common elements outlined in governmental and industry guidance. Because our "on site" assessment of a compliance program at this level is limited, our Tier I evaluation offers a good value for organizations that are just starting out on their compliance program journey or are for the first time formally evaluating the structure and operation of their compliance program.

Tier II: Assessment of the Program's Implementation and Operation.

Our Tier II compliance program evaluation includes a Tier I evaluation as outlined above and adds a more in-depth assessment of the implementation and operations of the compliance program. At Tier II our evaluation includes:

- Extensive interviews of key organizational personnel and staff designed to more fully examine the organization's understanding and perceptions of the compliance program
- Evaluation of data related to core program operating procedures (e.g., hotline calls and investigations, the time required to complete investigations, and the organization's success in implementing corrective action plans) to provide a more thorough assessment of the workings of core compliance program operations
- Case studies of select compliance investigations and compliance audits to validate that these core compliance processes are working properly
- Identification of core compliance risk-related control procedures (e.g., physician arrangements procedures, employee & vendor screening) and structured reviews to confirm that procedures are working as intended to detect and prevent non-compliance
- Cultural testing to confirm a culture that understands and expects ethical and compliant decision making and operations

Our Tier II compliance program evaluation works well for organizations whose compliance programs have progressed in their maturity to a place where more careful testing of the function of core compliance processes is possible and will help the organization confirm and further improve its compliance program operations.

Tier III: Compliance Program's Strategic Mitigation of Compliance Risk.

Our Tier III evaluation generally includes all evaluation procedures conducted at Tier I and Tier II as outlined above. At Tier III we add extensive mapping of the organization's compliance risks environment (based in organizational and industry information and data), and an evaluation of the organization's efforts to mitigate each key compliance risks. At Tier III our work product helps our clients confirm that their compliance program is effectively identifying, evaluating, and mitigating the key risks of non-compliance in their unique risk environment. At Tier III we also work with clients to evaluate, or where needed and possible, develop and implement metrics that will allow measurement over time of the effectiveness of specific compliance processes in mitigating compliance risks.

**At Arete Our Mission is to Help You
and Your Organization Succeed.**

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