Corporate Compliance

Corporate compliance is the way that a company ensures that it is following all the laws and regulations that apply to their business. This generally involves the design, implementation, and monitoring of employee orientations, employee trainings, policies, procedures, and practices.

Corporate compliance programs are the foundation for creating a corporate culture in which employees are appropriately trained and execute correct procedures and practices to prevent violations of laws, abide by regulations, and reduce risk and liability. Without any of these elements, your company is open to serious risk and legal liability.

We can define compliance risk by subject. Regulators enact rules to address all sorts of subjects, and companies need compliance programs to address those issues somehow. The main compliance risks include:

* **Corruption -** Companies must work to prevent bribery, bid-rigging, and other improper business practices.
* **Reporting -** Companies may need to file financial statements, liquidity data, and other reports to regulators, at required times and in specified formats.
* **Data Protection -** Companies must try to keep customer and employee personal data secure, and disclose any breaches of privacy according to various deadlines.
* **Environmental, Health, and Safety** - Companies need to obey rules for environmental pollution, worker safety, and related issues.
* **Employment** - Companies need to maintain ethical workplace practices, including wage-and-hour issues, anti-discrimination, anti-harassment, and more.

In order to have a successful corporate compliance program, there must be standards and controls that ensure compliance by every employee. There are numerous internal compliance instruments that achieve this: a Code of Conduct, standards and policies and specified compliance procedures.

1. **Code of Conduct.** A company’s Code of Conduct sets the compliance tone from the top of the company down. It should set out the ethical principles of your business and detail general principles by which officers, management and employees conduct operations.
2. **Compliance Standards and Policies.** Compliance standards and policies detail the expectations and rules for each of the key compliance areas. The policies should reflect the laws, regulations, and guidelines from statutes and regulating organizations.
3. **Compliance Procedures.**Compliance procedures establish the daily requirements and practices through which the compliance standards and policies are implemented, followed and enforced.
4. **Compliance Officer.** A member of the administrative team that establishes what policies, procedures, and practices are required and coordinates and directs the implementation and enforcement of those 3 P’s.
5. **Compliance Training.** All staff need to be appropriately and effectively trained in corporate compliance. Training relevant and appropriate to certain staff should be provided when updates or changes to those aspects of compliance are made. Trainings should cover the necessary information to ensure the staff who require that information have been effectively informed about that information.

Your company’s compliance standards, policies and procedures must clearly address all the key areas of concern for regulatory compliance. The following are some of the most common compliance areas that need to be addressed by U.S. businesses:

* Securities Laws and SEC Regulations
* Anti-Trust Laws
* FTC Regulations
* Environmental Laws
* Labor Laws
* Foreign Corrupt Practices Act
* Facilities Management (OSHA, DOT)
* Healthcare Compliance (HIPAA, CMS)
* Food Industry Compliance
* Employee Training
* Organizational Auditing

Corporate compliance provides a number of benefits to your business. Compliance can keep a company on the right side of the law. If a company does violate the laws or regulations, the existence of a compliance program can demonstrate to regulators and prosecutors that the company has made every effort to ensure its employees do the right thing. That can lead to shorter investigations, smaller regulatory fines, and less company exposure that can tarnish your company’s reputation.

Corporate compliance works to preserve a company’s reputation. The arrival of social media has brought about two major liabilities: unparalleled visibility into a company’s operations and the new ability for others to hold companies accountable for their mistakes. Together, those actions mean that companies can suffer more severe consequences for misconduct in addition to the immediate negative social media perception leading to bad headlines, consumer boycotts, loss of investors, and vendors canceling contracts, among others things. An effective compliance program reduces the risk of those outcomes.

Corporate compliance can improve a company’s ethical posture, which has all sorts of benefits beyond avoiding regulatory punishments.  Compliance programs make a company more competitive in the marketplace. A company with strong compliance program makes fewer mistakes and therefore is less distracted with having to fix those mistakes. A strong compliance program can also help a company identify emerging risks earlier, which gives it more time to respond.

Above all, effective compliance programs make your business a more attractive partner to other businesses. Remember, everyone is someone else’s third party. The more effective your ethics and compliance program is, the less of a risk you present yourself to others.

Despite the efforts and challenges that come with developing an effective compliance program, when done well, corporate compliance becomes a major business advantage to your company, its growth, and its success.