
How to create an effective ethics and compliance certification process

More than ever, organizations are focusing on nurturing corporate cultures that value ethical and responsible business conduct – recognizing the positive implications for relationships with employees and customers, corporate reputation and overall company performance.

Certification – the process by which a company confirms employee compliance with a regulation or policy – offers an important means to engage the workforce in active promotion of ethics and compliance. This can take the form of a simple acknowledgment of receipt and understanding of a policy, an attestation of conformity with a policy, a disclosure of non-compliance with a policy or an affirmation of the validity of content within a document. By successfully certifying its workforce, a company promotes better understanding of risks, encourages employees to play an active role in managing those risks and enables the organization to detect issues before they become breaches. It is also an important step in helping to foster ethical, self-governing cultures.

Leading companies incorporate five key elements into the development of a certification process that engages employees and helps them play an important role in forging a culture of accountability.

Educate employees to obtain accurate disclosures.

Companies should begin by educating employees on compliance issues before asking them to attest to behaviors or relationships relevant to those issues. For example, if employees are asked to attest that they do not maintain a financial interest in restricted client organizations, they first must be aware of what constitutes a financial interest, which types of organizations are relevant and the reasons why an investment would pose a risk to the organization. With this information, they are better able to provide accurate responses to certification questions.

Companies can educate employees on topics pertinent to upcoming certifications through educational courses, periodic e-mail campaigns, facilitated information sessions, answers to frequently asked questions, quizzes on thorny issues, lunch-and-learn workshops and regular messages from senior executives. Online education offers the additional benefits of being able to reach a global workforce, track results and link the education to a subsequent electronic certification program. Using multiple approaches engages the employees' interest in the topics on which the company is asking for attestations and disclosures, thus generating more accurate responses.

To further encourage accuracy, organizations requiring multiple certifications often find it more effective to break the education and attestation cycles into several shorter, discrete segments. For example, a company might offer several consecutive three-to-four month education programs, each addressing just one or two topics, and each followed immediately by attestation on those topics. As long as all the relevant topics are covered, shorter, more focused campaigns may be preferable to asking employees to attest to many topics all at one time. This approach can improve the accuracy of the responses because each questionnaire can be less burdensome and employees will be more knowledgeable having recently received education on the specific topic.

Employee helplines provide an additional valuable context supporting certification disclosures. Helplines give employees a means to report potential misconduct but also to ask questions freely about ethical situations they face on the job. Reminding employees about helpline availability can lead to greater clarity for employees who still have questions about a compliance topic, thus yielding more accurate certifications.

Align certification with compliance program objectives and design a systematic process.

The extent to which a certification program yields useful information that improves compliance is directly related to the degree of alignment with compliance program goals. Compliance objectives should guide each facet of the certification process, from the topics chosen on which to attest, to the frequency of certification needed, to the selection of which employee segments should be targeted.

A well-designed certification program does more than reinforce compliance with policies and operating procedures; it addresses multiple goals and provides management with a more complete picture of potential risks. To achieve a certification's goal of helping companies identify and deal with potential risks, two elements in particular must be aligned: (1) the topic of the certification and its corresponding questionnaire and (2) management of the campaign.

A specific and clear topic and a focused questionnaire will yield more accurate answers and make it easier for the company to identify exceptions. Electronic certification questionnaires can especially enhance the quality of responses by taking advantage of the benefits of technology. For example, if an employee's response requires further explanation, the system can prompt the individual to provide further details before allowing the questionnaire to be submitted – a requirement that paper-based questionnaires cannot enforce. In addition, electronic certification has the added advantage of allowing a grace period before final completion and closure. This might range from a few days to a week during which employees are allowed to change their answers after reflecting on the questions and their initial replies. These features encourage employees to be more thoughtful and detailed in their responses.

Targeting specific employee segments and developing a focused certification process for each improves both efficiency and results. Many organizations look to certification to support multiple compliance goals, including acknowledging the receipt

and/or understanding of new policies, agreeing to abide by existing policies, disclosing potential policy violations and affirming the validity of accounting and financial documents. However, some of these goals may apply broadly across the workforce, while others are relevant only to specific segments of employees. Targeting is thus essential to ensure that employees are certified only on topics relevant to their specific roles and that the process is implemented in a manageable way for them. In short, the goal is to ask the right employees the right questions.

When pursuing a new certification process or moving from paper to electronic certification, many companies find it useful to implement a pilot program, typically using 1 percent of their employee population. In addition to validating the targeting of employee segments, the pilot program can help assess many facets of the certification process – from method of delivery to the readability of the certification questions to the need for follow-up on any relevant issues. Such pilot information can enable the company to get it right up front.

Clearly communicate goals and responsibilities.

Communicating goals, responsibilities and required actions clearly to employees at the appropriate time drives full participation – the goal of all certification. Effective communication helps employees understand many common issues of confusion: Why am I being asked to attest to these topics? Why is this important for me and for my company? How and when do I complete certification? What am I supposed to attest to?

An effective certification communication plan typically includes at least six elements:

1. It incorporates targeted messages to each employee segment, reflecting the issues and processes unique to each group.
2. It clearly explains how the certification benefits both the company and the employee.
3. It presents expectations in simple, easy-to-understand terms.
4. It utilizes multiple channels of delivery, including those most familiar to the targeted employee groups.
5. It promotes awareness of compliance issues throughout the year, while delivering key program details – such as how and when to complete certification – in close coordination with receipt of the certification questionnaire.
6. Finally, it provides employees with a resource or contact person for addressing any questions or concerns.

Communicating with operating management and supervisors about certification is particularly important to manage well. Ensuring their understanding can help set the tone for the rest of the organization because they play a vital role in supporting participation and managing compliance issues within their teams and functions. Delivering key messages to employee groups through managers and supervisors lends credibility and immediacy, builds trust in the process and helps increase employee participation.

Therefore, it is important to consider management as both an audience and a supporting voice. Providing managers with information about program goals, implementation plans, intended responsibilities, and program status increases their direct involvement and, consequently, the results obtained from employees.

Track results, manage exceptions and improve the overall program.

A well-designed tracking and follow-up process – designed before the certification period begins – ensures that the organization has the right plan in place to meet its legal responsibilities and pursue any actionable information it receives as a result of the certifications.

The first step is to track incoming attestations to ensure they are complete and timely. An effective process includes automatic reminders and follow-up procedures for employees who miss the deadlines to complete the education or certification questionnaire.

Next, it is necessary to create a formal process to manage variant responses and exceptions. Variant, or unexpected, responses can be addressed in a review process that lets the reviewer determine if the response is within policy and acceptable, or is an exception. Actual exceptions are all routed to reviewers, often through an automated system. Reviewers can then make comments, communicate with employees if necessary and initiate any required individual follow-up process.

An effective follow-up process then consists of at least four elements:

1. Identification of which issues or exceptions warrant a response
2. Stipulation of specific required actions for each type of exception
3. Identification of roles and responsibilities for each type of response
4. Preparation and training for individuals who are accountable for responding

With such a plan in place, the compliance office and supervisors can make sure they are following up on those exceptions that pose the highest risk to the company while minimizing time on low-risk issues or administrative matters.

An effective certification process also incorporates methods that help identify potential areas for improvement in the compliance education. Questions or issues raised during a campaign may highlight areas that employees do not understand as well as they should. Capturing this feedback during the process can provide valuable input that guides decisions about how to modify and improve future compliance and ethics education.

Build leadership support and accountability.

Leadership support and accountability are vital to a successful certification campaign. They provide the necessary leverage to ensure high levels of employee participation and the top-line commitment needed to respond to potential issues and manage risks.

In today's environment, boards and audit committees request compliance scorecards on a quarterly or monthly basis. Such scorecards may include statistics on percentages of certifications completed, numbers of identified noncompliance issues by function or business unit and assessments of issues by risk area. Establishing top-down reporting of certification results encourages ownership and buy-in at the highest level of the organization. Such communication then promotes accountability down through successive levels of management in the organization.

A key to building wide leadership support is to involve all relevant parties in the development of the certification process. This means ensuring participation, where required, of risk management, audit, finance, human resources, information technology, corporate communication and operating/line management functions.

Another key to obtaining leadership support is defining clear expectations, including the roles that managers must play and the specific procedures they must follow to ensure that the certification campaigns meet their goals. Additionally, equipping managers with specific tools, such as communication templates, to carry out their program responsibilities and providing them with regular status reports will increase their direct participation and, as a result, enhance positive program results.

Ethics and compliance certification can serve as a powerful way to engage a workforce and ultimately help foster and fortify a winning corporate culture. Certification is most effective when fully integrated with other foundational program elements designed to engage the workforce in ethics and compliance, including education and helpline.



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