

Australian Standard on Compliance Programs (AS 3806-2006): Bill Dee*

Since 1998 when the first version of AS 3806 was developed by Standards Australia, Australia has taken a unique approach to compliance. Even though it was produced as a guideline standard it has adopted a management systems approach which company managers can relate to.

Recently Standards Australia published a revised version of AS 3806 which maintains the management systems approach. Whereas the earlier version talked about essential elements of an effective compliance program under the headings of Structural, Operational and Maintenance the latest version adopts a principles based approach under Commitment, Implementation, Monitoring and Measuring, and Continual Improvement. Like the old standard these are outcomes that a compliance program should achieve if it is to be judged effective

The principles are as follows

COMMITMENT

Principle 1: Commitment by the governing body and top management to effective compliance that permeates the whole organization.

Principle 2: The compliance policy is aligned to the organization's strategy and business objectives, and is endorsed by the governing body.

Principle 3: Appropriate resources are allocated to develop, implement, maintain and improve the compliance program.

Principle 4: The objectives and strategy of the compliance program are endorsed by the governing body and top management.

Principle 5: Compliance obligations are identified and assessed.

IMPLEMENTATION

Principle 6: Responsibility for compliant outcomes is clearly articulated and assigned.

Principle 7: Competence and training needs are identified and addressed to enable employees to fulfill their compliance obligations.

Principle 8: Behaviours that create and support compliance are encouraged and behaviours that compromise compliance are not tolerated.

Principle 9: Controls are in place to manage the identified compliance obligations and achieve desired behaviours.

MONITORING AND MEASURING

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Principle 10: Performance of the compliance program is monitored, measured and reported.

Principle 11: The organization is able to demonstrate its compliance program through both documentation and practice.

CONTINUAL IMPROVEMENT

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Principle 12: The compliance program is regularly reviewed and continually improved.

The new standard which was published by Standards Australia in March 2006 reflects what leading edge firms were doing in their compliance programs.

Features of the new version include:

- Recognition that a compliance manager is part of the current corporate landscape;
- Clear delineation of the respective roles in compliance of all layers of the firm, in particular the role of the compliance manager vis a vis line managers, and the role of Top Management;
- Detailed guidance on an organizational compliance policy;
- The concept of risk assessment and development of controls has been introduced;
- The notion of compliance competencies has been introduced;
- Recognition of the important role that culture and behaviours plays in compliance;
- Recognition of the critical role that top management plays in driving a culture of compliance.
- Practical guidance is given on behavioral levers that can be employed to contribute towards compliant behavior;
- Much more detailed guidance on monitoring measurement and reporting is given in the new version of the standard.

This document which can be downloaded from www.sai-global.com would be a useful tool in any compliance manager's toolbox (regardless of location) because it is not only generic in terms of what regulation it can apply to but also adopts a management systems approach to compliance. It could, for example, serve as a very useful benchmark document to measure the effectiveness of a compliance program.

* Bill Dee chaired the Standards Australia committee that drafted the original 1998 standard and the committee that reviewed the standard. He was also foundation President of the Association of Compliance Professionals now known as the Australasian Compliance Institute and was made a Fellow of the Institute in 2003.