

2016 Federal Sentencing Guidelines Compliance Audit Program
Compliance in One Page Management and Process Controls Review

Audit Objective: Assess the state of the current internal compliance program “program controls.” Is the program designed? Has the design been implemented? Is the program meeting the following goal: “To have an effective compliance and ethics program...an organization shall—(1) exercise due diligence to prevent and detect criminal conduct” (§8B2.1.a.1)? Identify gaps and make recommendations.

No:	Objectives ¹	Met? Y/N, NA/P ²	Comments and Evidence	Key Contact	Additional Notes and Findings
0.0 Initial Fieldwork					
0.1	<i>Opening Conference</i> <ul style="list-style-type: none">Get copies of current management plans, policies, operating manuals, org charts, meeting schedules, etc. (see <i>Document Request</i> lists outlined below).				
0.2	<i>Walkthrough</i> <ul style="list-style-type: none">Get copies of detailed results of previous audits and/or self-assessments.Interview relevant personnel to gain an understanding of the current compliance environment.Review the steps below to ensure they will adequately assess the current program				
SECTION A – Risk Assessment/Identify Requirements					
	<i>Standard:</i> This standard is implied. An organization cannot comply with standards it does not know about. Therefore, being vigilant about keeping up-to-date on relevant laws and regulations is imperative.				
	<i>Document Request:</i> <ul style="list-style-type: none">--Risk Assessment Program/Process--Compliance Inventory Process--Copies or samples of recent compliance inventories--Meeting Minutes--Risk Assessment Reports				

¹ The primary source for these “best practice” objectives is the Federal Sentencing Guidelines (*United States Sentencing Commission Guidelines Manual*, <http://www.ussc.gov/guidelin.htm>), Chapter 8 (§8B2).

² Yes, No, Partial, Not Applicable.

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1.0 Compliance Inventory					
1.1	<i>Documented Program:</i> <ul style="list-style-type: none"> How is management finding and keeping up-to-date with the laws and regulations the organization that apply to the organization? --Review the compliance inventory identification and update process.				
1.2	<i>Implementation Evidence:</i> --Review copies of compliance inventories, meeting minutes, inventory reports, etc. to ensure compliance inventory/inventories is/are up-to-date and valid				
2.0 Risk Assessment					
	<i>Standard:</i> The organization shall periodically assess the risk of criminal conduct and shall take appropriate steps to design, implement, or modify each requirement (§8B2.1.c).				
2.1	<i>Documented Program:</i> <ul style="list-style-type: none"> How is the organization assessing their risk related to these laws and regulations? --Review Risk Assessment Program/Process				
2.2	<i>Implementation Evidence:</i> --Review meeting minutes, risk assessment reports to ensure risk assessment program has been adequately implemented				
SECTION B – Establish/Modify Organizational Structure					
	<i>Standard:</i> ... <u>governing authority</u> shall be knowledgeable about the content and operation of the compliance and ethics				

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	program and shall exercise reasonable oversight...; <u>High-level personnel</u> of the organization shall ensure the organization has an effective compliance and ethics program...; <u>Specific individual(s)</u> within the organization shall be delegated day-to-day operational responsibility for the compliance and ethics program ... (§8B2.1.b.2.A-C).				
	<i>Document Request:</i> --Org Chart --Job Descriptions --Background Checks/Program --Redacted background checks and logs				
3.0 Compliance Organization					
3.1	<i>Documented Program:</i> <ul style="list-style-type: none"> ○ Who is responsible for compliance oversight at the governance level? ○ Who is responsible for managing compliance at the executive level? ○ Who is responsible for ensuring compliance in day-to-day operations? ○ What is the reporting structure? ○ Do org charts and job descriptions document all of the above? 				
3.2	<i>Due Diligence:</i> What is the procedure for conducting background checks? Is it different for “substantial authority” personnel? --Review org charts, job descriptions, etc.				
3.3	<i>Implementation Evidence:</i> --Have all of the above positions been filled with qualified				

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	individuals? --Review hiring records and/or other information to ensure compliance organization is in place and functioning.				
3.4	<i>Due Diligence:</i> Review a sample of redacted background checks to ensure personnel with “substantial authority” have been adequately vetted. --Sample redacted background check logs				
SECTION C - Document Standards, Policies, and Procedures					
	<i>Standard:</i> The organization shall establish standards and procedures to prevent and detect criminal conduct (§8B2.1.b.1).				
	<i>Document Request:</i> --Code of conduct --Sample compliance policies --Sample compliance procedures				
4.0 Compliance Standards, Policies, and Procedures					
4.1	<i>Documented Program:</i> o What is the process for creating/modifying compliance-related standards, policies, and procedures?				
4.2	<i>Implementation Evidence:</i> o Is there an approved, implemented code of conduct? o <i>Sample:</i> Do laws and regulations the organization is responsible to comply with have an documented, implemented company policy? o <i>Sample:</i> Do relevant company policies have accompanying documented, implemented procedures?				

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	<ul style="list-style-type: none"> <i>Sample:</i> Do relevant procedures have accompanying documented, implemented desk procedures? --Review code of conduct and sample compliance policies and procedures, etc. to ensure they are documented. 				
SECTION D – Communicate Standards, Policies, and Procedures					
	<p><i>Standard:</i> (4)(A)...communicate periodically and in a practical manner its standards and procedures, and other aspects of the compliance and ethics program, to the individuals referred to in subparagraph (B) by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities.</p> <p>(B) The individuals referred to in subparagraph (A) are the members of the governing authority, high-level personnel, substantial authority personnel, the organization's employees, and, as appropriate, the organization's agents (§8B2.1.b.4.A&B).</p>				
	<p><i>Document Request:</i></p> <ul style="list-style-type: none"> --Communication Plans --Training Plans --Training logs --Conference agendas --Sample Training transcripts and/or syllabi --E-mails, newsletters, leadership videos, signs, posters, brown bag topics, road show calendars, etc. 				
5.0 Compliance Communication					
5.1	<p><i>Documented Program:</i></p> <ul style="list-style-type: none"> What is the process for developing/updating 				

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	compliance-related training and communication materials? --Review the communications/training process/plan to ensure it is adequately documented.				
5.2	<i>Implementation Evidence:</i> --Review samples of compliance communications such as posters, newsletters, emails, executive speeches, brown bags, road shows, conference agendas, etc. to ensure the communications plan has been adequately implemented.				
6.0 Compliance Training					
6.1	<i>Documented Program:</i> <ul style="list-style-type: none"> What is the process for developing/updating training on laws and regulations? How often is training conducted? --Review the training plan to ensure it has been adequately documented.				
6.2	<i>Implementation Evidence:</i> --Review samples of compliance training such as syllabi, training logs, training records, online courses, etc. to ensure the training plan has been adequately implemented.				
SECTION E – Implement, Promote, and Enforce					
	<i>Standards:</i> <ul style="list-style-type: none"> Such compliance and ethics program shall be reasonably... <u>implemented and enforced</u> so that the program is generally effective in preventing and detecting criminal conduct ... (§8B2.1.a.2) The organization’s compliance and ethics program shall be <u>promoted and enforced</u> consistently throughout the organization through (A) <u>appropriate incentives</u> to 				

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	<p>perform in accordance with the compliance and ethics program; and (B) <u>appropriate disciplinary measures</u> for engaging in criminal conduct and for failing to take reasonable steps to prevent or detect criminal conduct (§8B2.1.b.6).</p> <ul style="list-style-type: none">In <u>implementing</u> subsection (b), the organization... shall take appropriate steps to design, <u>implement</u>, or modify each requirement set forth in subsection (b) to reduce the risk of criminal conduct identified through this process. (§8B2.1.c.).				
	<p><i>Document Request:</i></p> <ul style="list-style-type: none">--Implementation/Action Plan--Promotion Plan (may overlap with training/communications)--Enforcement Plan/procedures--Sample deliverables from several compliance policies and procedures--Enforcement activities (redacted to remove sensitive information)--Job Descriptions (that include compliance responsibilities)--Annual Review Objectives (that include compliance responsibilities)				
7.0 Compliance Program Implementation					
7.1	<p><i>Documented Program:</i></p> <ul style="list-style-type: none">How is the organization implementing compliance policies and procedures?Is this plan documented in an implantation plan or action plans? <p>--Review compliance implementation/action plan.</p>				

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7.2	<i>Implementation Evidence:</i> --Review outcomes of compliance implementation/action plan to ensure it has been adequately executed. --Review sample deliverables from compliance policies and procedures to ensure they have been adequately implemented.				
8.0 Compliance Program Promotion					
8.1	<i>Documented Program:</i> <ul style="list-style-type: none"> How is the organization promoting compliance policies and procedures? This can include executive communications/expectations (see section 5.0 above), but could also include compliance as part of job descriptions, salary considerations, annual evaluations, and compliance awards programs. Is this plan documented? --Review compliance promotion plan to ensure it has been adequately documented.				
8.2	<i>Implementation Evidence:</i> --Review outcomes of compliance promotion plan to ensure it has been adequately implemented. --Review sample deliverables from compliance promotion activities such as compliance awards, compliance as part of annual salary review, etc. The organization should be able to provide evidence they are adequately promoting compliance via measured activities (“what is measured improves”).				
9.0 Compliance Program Enforcement					
9.1	<i>Documented Program:</i> <ul style="list-style-type: none"> How is the organization enforcing compliance policies 				

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	and procedures? When violations occur, how are they handled? Is there an escalation process? ○ Is this plan documented? --Review compliance enforcement plan and/or procedures that are used to enforce compliance.				
9.2	<i>Implementation Evidence:</i> --Review outcomes of compliance enforcement plan --Review sample deliverables from compliance enforcement activities (redacted as necessary to retain confidentiality).				
SECTION F – Monitor, Audit, and Report					
	<i>Standard:</i> The organization shall take reasonable steps— (A) to ensure that the organization's compliance and ethics program is followed, including monitoring and auditing to detect criminal conduct; (B) to evaluate periodically the effectiveness of the organization's compliance and ethics program; and (C) to have and publicize a system, which may include mechanisms that allow for anonymity or confidentiality, whereby the organization's employees and agents may report or seek guidance regarding potential or actual criminal conduct without fear of retaliation (§8B2.1.b.5.A-C).				
	<i>Document Request:</i> --Compliance Audit Program -- Compliance Monitoring Program --Compliance Program Review Program --Compliance Hotline --Executive Reports (redacted, if necessary) --Board Reports (redacted, if necessary)				
10.0 Compliance Auditing					
10.1	<i>Documented Program:</i> ○ How does the organization conduct audits to ensure				

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	compliance? ○ How is reporting and remediation handled? ○ How are results of audits reported to Senior Management and the Board? --Review compliance audit program(s), etc.				
10.2	<i>Implementation Evidence:</i> --Review results of audits, etc. including logs, reports, etc. to ensure the compliance program(s) has been audited in the last 1-3 years and findings were followed up on and remediated.				
11.0 Compliance Monitoring					
10.1	<i>Documented Program:</i> ○ How does the organization monitor to ensure compliance? ○ Is there a process to report and remediate? ○ Is there an escalation process to senior management and the board? --Review compliance monitor program(s), processes, etc.				
10.2	<i>Implementation Evidence:</i> --Review results of monitoring, etc. including logs, reports, etc. to ensure the monitoring program(s) has been implemented and findings were followed up on and remediated.				
12.0 Compliance Program Evaluation*					
11.1	<i>Documented Program:</i> ○ Is the compliance program evaluated for effectiveness? If yes, how often? ○ Does the process include reporting results to senior				

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	management and the board? --Review the compliance program review program. (*NOTE: This compliance audit program can be viewed as the equivalent of the compliance program evaluation required by §8B2.1.b.5.B.)				
10.2	<i>Implementation Evidence:</i> --Review results of compliance program review, to include reports and remediation to ensure the program evaluation was reviewed and findings were followed up on and remediated.				
13.0 Compliance Hotline					
11.1	<i>Documented Program:</i> <ul style="list-style-type: none"> ○ Does the organization have a hotline for anonymous tips? ○ Is a process documented to support the hotline (investigations, etc.)? --Review compliance hotline program/system, etc.				
10.2	<i>Implementation Evidence:</i> --Review a sample of reports and remediation results from compliance hotline system to ensure it has been adequately implemented and that calls/reports are appropriately acted on.				
SECTION G – Continuous Improvement					
	<i>Standards:</i> After criminal conduct has been detected, the organization shall take reasonable steps to respond appropriately to the criminal conduct and to prevent further similar criminal conduct, including making any necessary modifications to the organization's compliance and ethics				

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	program (§8B2.1.b.7). In implementing subsection (b), the organization shall periodically assess the risk of criminal conduct and shall take appropriate steps to design, implement, or <u>modify</u> each requirement set forth in subsection (b) to reduce the risk of criminal conduct identified through this process (§8B2.1.c.).				
	<i>Document Request:</i> --Continuous Improvement Program --Action Plans for improvement following audit, evaluation, or enforcement actions --Evidence of updated standards, policies, and/or procedures following audit, evaluation, or enforcement actions.				
14.0 Continuous Improvement Program					
12.1	<i>Documented Program:</i> ○ Is continuous improvement built in to the compliance program? --Review the continuous improvement program/ procedures.				
12.2	<i>Implementation Evidence:</i> --Review samples of continuous improvement including: --Action Plans for improvement following audit or enforcement actions. --Evidence of updated standards, policies, and/or procedures following audit or enforcement actions. This is evidence a continuous improvement program has been implemented.				
SECTION G – Leadership/Corporate Culture					
	<i>Standard:</i> ...promote an organizational culture that				

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	encourages ethical conduct and a commitment to compliance with the law (§8B2.1.a.2). ... governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program (§8B2.1.b.2.A)				
	<i>Document Request:</i> --Organization's leadership training program --Organization's Cultural Improvement program, to include surveys, focus groups, etc. --Evidence of leadership support could include: Redacted budgets, sample corporate-wide communications, redacted meeting logs and/or redacted minutes that show oversight and participation in compliance activities --Results of corporate compliance culture assessments and action plans --Board or relevant subcommittee meeting minutes --Optional: Private interviews with compliance personnel				
15.0 Compliance Leadership					
13.1	<i>Documented Program:</i> o How is leadership support for compliance defined? (Budgets? FTE? Corporate-wide communications? Oversight and participation in compliance activities? Etc.) --Review org charts, etc. to ensure leadership is adequately incorporated into and appropriately leading the compliance program. Optional: Interview compliance personnel to get their perspective on leadership support of their program.				

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13.2	<i>Implementation Evidence:</i> --Review Meeting Minutes, Reports, Compliance Roles and Responsibilities, including Executive, Management, and Operational personnel --Obtain evidence of management oversight to ensure leadership is adequately involved in leading organizational compliance and that executive leadership is supporting compliance and assisting in setting the tone and culture.				
16.0 Compliance Culture					
14.1	<i>Documented Program:</i> ○ Does the organization assess the corporate compliance culture? --Review assessment program, sample surveys, focus groups, etc. to ensure the compliance culture program is addressed in the compliance program.				
14.2	<i>Implementation Evidence:</i> --Review results of assessments, surveys, meetings, notes, speeches, anecdotes, etc. to ensure the compliance culture is addressed in the program implementation. --Review mediation/action plans that result from gaps.				

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TWU Compliance Process



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