



6th Change Management Conference

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Change Management Driving Corporate Compliance

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“Change will not come if we wait for some other person or some other time. We are the ones we’ve been waiting for. We are the change that we seek” – Barack Obama

Introduction



- 1. To understand how an effective compliance program can help an organization manage the impact of rapidly changing cultural, regulatory, and political influences**
- 2. To understand and appreciate the need for corporate governance and ethical culture within an organization**
- 3. To understand and identify proactive steps for compliance professionals to use during internal and external audit processes with emphasis on documentation, medication, and fraud, waste, and abuse prevention**
- 4. To utilize the principles covered during the presentation for review of a real-life case study that illustrates the potential for cultural change and organizational benefits through proactive leadership via a compliance officer**

The Key Concepts:

1. **Governance** is the system of controlling and directing an entity
2. **Ethics** is a set of principles of right conduct or a system of moral principles
3. **Ethical Culture** is teaching employees “how things are done around here.” It begins with a code of conduct that is well conceived, written, and effectively implemented
4. **Risk** is the effect of uncertainty on objectives
5. **Fraud** is a deception deliberately practiced to secure an unlawful/unfair gain
6. **Compliance Program** - is sometimes referred to as integrity or ethics program and is an organization’s commitment to adhere to all laws, regulations, internal policies, and procedures that govern its business



Does Change Management Drive Corporate Compliance?

or

Does Corporate Compliance Drive Change Management?



Turn Around Organization (TAO) was founded 33 years ago. It is a non-profit human services organization that provides services to individuals (adults and children), with disabilities. The founder of TAO was the first employee of the organization and grew it to over 2,500 employees, from one program in one state to many programs in various states and countries. TAO has many employees who have worked for the organization for 20 - 30 years. Many of the services TAO provides are subject to laws and regulations that require managerial oversight.



One day an external auditor from the funding agency for one of the programs showed up to audit, i.e. documentation, medication records/logs, etc. When TAO received the report of findings, it was shocking, financially devastating, and embarrassing. In addition to fines and penalties, the report suggested TAO needed to reimburse the funder millions of dollars due to missing documentation, inappropriate billing, and violation of regulations.

What TAO did to address the issues:

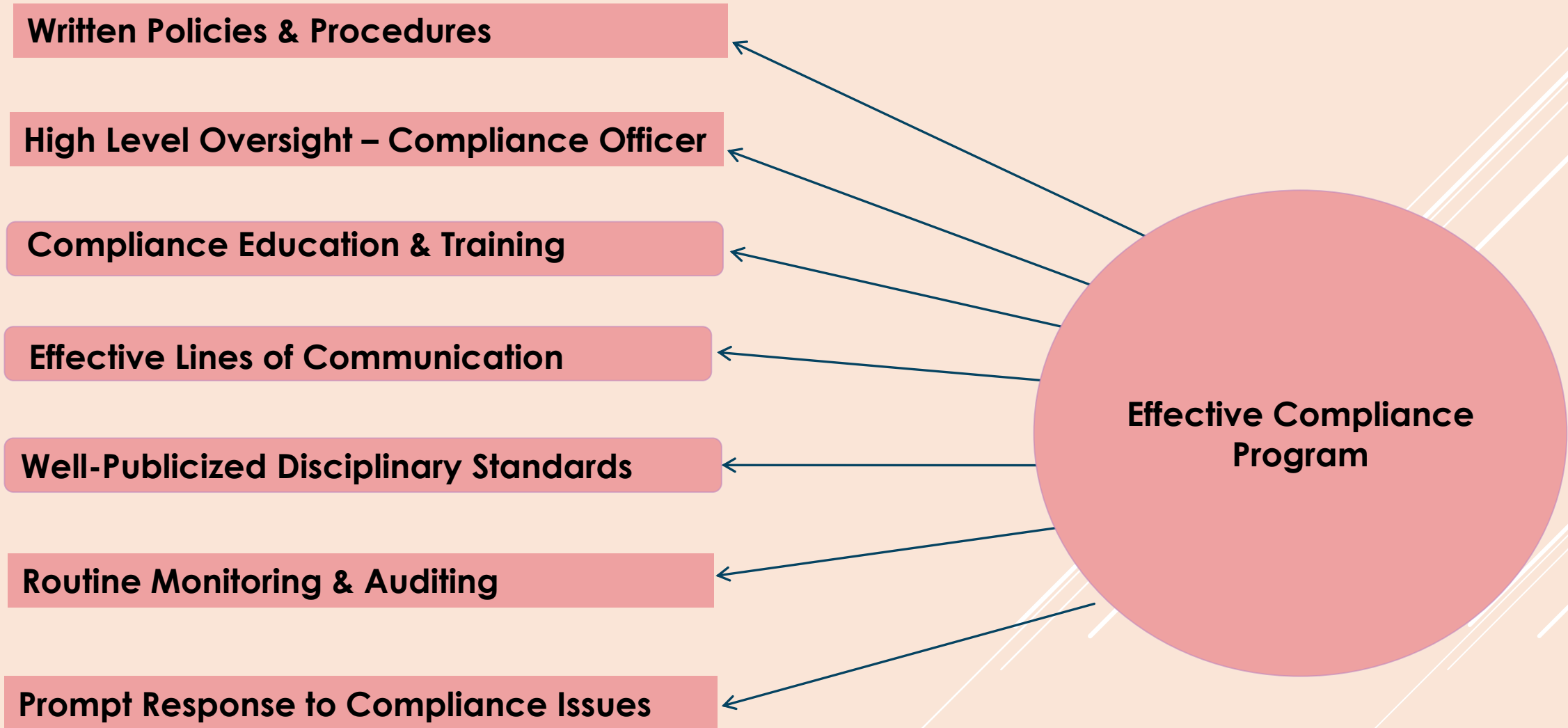
- 1. Recruited and employed a Corporate Compliance and Integrity Officer**
- 2. Allocated resources for establishing a Corporate Compliance & Integrity Program**
- 3. Restructured the “problematic” program and changed the leadership responsible for oversight**



Change Management = Compliance Officer + Compliance Program
Compliance Officer + Compliance Program = Change Management

Compliance Professionals Should Understand:

- ❖ **Regulations are here to stay**
- ❖ **Organizational behaviors may need to change to meet legal obligations**
- ❖ **A shift in the leaderships' mindset may need to occur in order to meet regulatory requirements**



An additional element of effective compliance requires developing a risk assessment to implement the aforementioned steps.

There must be a process for developing and documenting an effective, relational-based compliance program that includes three stages:

- 1. Risk Identification**
- 2. Role and responsibilities**
- 3. Internal controls**

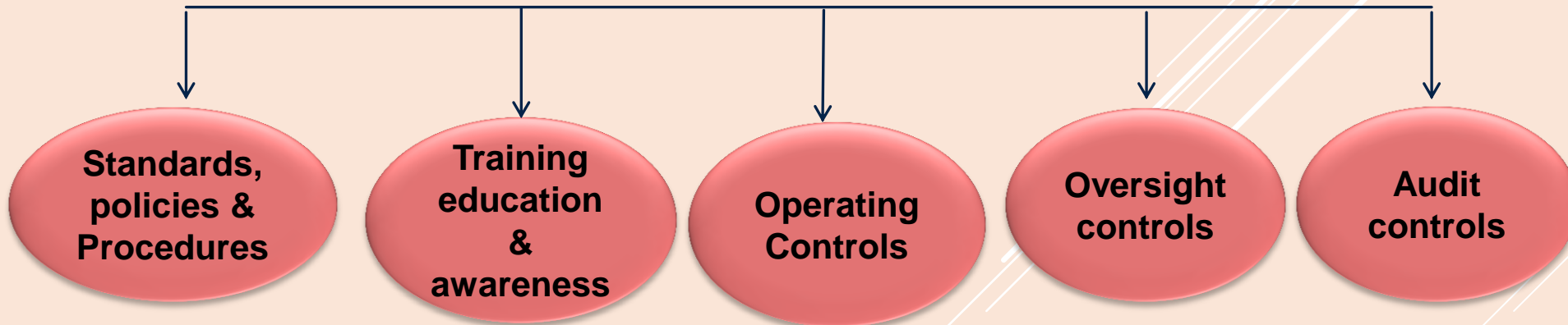
Identification, Assessment & Prioritization of Risks



Roles & Responsibilities for Priority Risks



Identification of Internal Controls for priority Risks



An effective compliance program is more than incorporating the seven steps or just having a well-documented plan; innovation and creativity are necessary.

A compliance program is effective when:

- 1. Policies and procedures work**
- 2. Employees understand compliance and why they are an essential part**
- 3. Key employees and stakeholders take ownership of internal concurrent auditing in their respective divisions**
- 4. Realize fewer voluntary disclosures**

Change can be difficult for some employees to modify behaviors that pose risk(s) to their organization, department, program, careers, or to themselves.

Change can...

- 1. breed anxiety**
- 2. disrupt old patterns**
- 3. mean loss**
- 4. be a complicated process**

An effective compliance program and compliance officer can lessen the discomfort of cultural change and meet regulatory standards if they:

Have a dedicated process

Embrace allies

Employ the “Trickle-Down Theory of compliance”

The overall goal of a compliance program & plan should be to minimize risk and or maximize compliance. Once TAO began the journey of implementing a compliance program, performing ongoing risk assessments, and understanding change, they experienced significant changes within the organization that produced positive outcomes.

Questions

