

Policy Management Toolkit

How to Build a Sustainable Policy Management Program

Preview Report: 2 of 2

[Click here](#) to view part one on Identifying Your Policy Management Network

INTRODUCTION

Overview

Corporate policies refer to a corporate framework encompassing statements or expectations for corporate and employee behavior. This framework often includes one or more of the following components:

- Overall corporate goals and values
- Standards of business conduct and processes for ensuring compliance
- Corporate procedures to ensure legal compliance (e.g., insider trading, facilitation payments, health, safety, and environment regulations)

Challenge

Balancing the goals of central policy oversight and global consistency with local business needs is difficult without collaboration from cross-functional stakeholders. Yet, Legal and Compliance often struggle to obtain the necessary buy-in from stakeholders outside of the department on key corporate compliance policy management initiatives because the stakeholders perceive this task as burdensome and unnecessary and regard it as Legal and Compliance's responsibility.

Intended Audience

Although Legal and Compliance will likely own the overall policy management program, cross-functional involvement in policy management efforts is crucial to ensure ongoing compliance as policies apply across the organization. The activities included in each phase of this toolkit can be completed by members of the legal and compliance team but can also be delegated to other functional stakeholders involved in the policy management program, such as Human Resources, Finance, or Information Technology.

Toolkit Overview

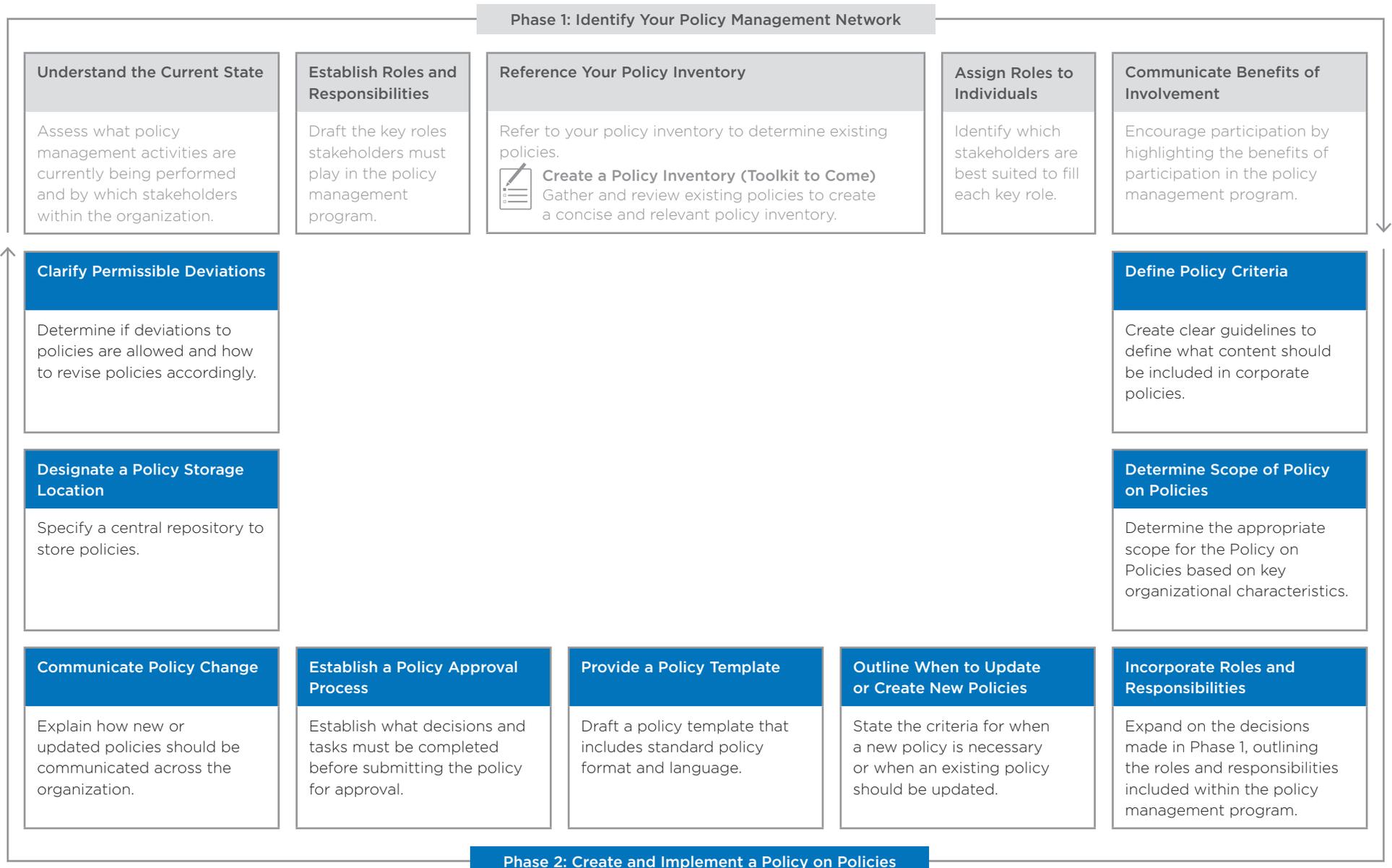
This toolkit provides a step-by-step approach to help companies build or improve their policy management program. It is based on a thorough analysis of best practices at member and non-member organizations.

- **Phase 1: Identify Your Policy Management Network**—Legal and Compliance must first create its policy management network by articulating the formal roles and responsibilities in the policy management program, assigning those roles to the appropriate stakeholders, and encouraging participation in the program.
- **Phase 2: Create and Implement a Policy on Policies**—As the governing document of the policy management program, a Policy on Policies provides comprehensive guidance to all stakeholders involved in the policy management program to encourage consistent application of, and ongoing compliance with, the policy management program.

¹ United States Sentencing Commission, "Guidelines Manual," 2014, <http://www.ussc.gov/sites/default/files/pdf/guidelines-manual/2014/GLMFull.pdf>.

POLICY MANAGEMENT PROGRAM ROADMAP

Key Activities in Policy Management



OVERVIEW OF PHASE 2: CREATE AND IMPLEMENT A POLICY ON POLICIES

Goal

Codify the guidance set out in Phase 1, and further outline the process by which all company-wide policies should be drafted, updated, and maintained on an ongoing basis in a Policy on Policies.

Common Challenges Addressed in This Phase

- How can we take a standard approach to developing and maintaining policies across the organization?
- What type of guidance should be included in a policy or procedure?
- When, and to what extent, should we tailor our policies?
- What should I do to keep my policy management program up to date?

Key Activities	Key Tools
1 Define Policy Criteria Create clear guidelines to define what content should be included in corporate policies.	 Sample Policy Criteria Chart
2 Determine Scope of Policy on Policies Determine the appropriate scope for the Policy on Policies based on key organizational characteristics.	 Considerations for Scope Selection  Broad Versus Narrow Scope Policy Examples
3 Incorporate Roles and Responsibilities Expand on the decisions made in Phase 1, outlining the roles and responsibilities included within the policy management program.	 Sample Description of Owner
4 Outline When to Update or Create New Policies State the criteria for when a new policy is necessary or when an existing policy should be updated.	 Policy Creation Decision Tree  Frequency of Policy Updates
5 Provide a Policy Template Draft a policy template that includes standard policy format and language.	 Sample Policy Format Guidelines

OVERVIEW OF PHASE 2: CREATE AND IMPLEMENT A POLICY ON POLICIES (CONTINUED)

Key Activities	Key Resources
6 Establish a Policy Approval Process Establish what decisions and tasks must be completed before submitting the policy for approval.	 Policy Approval Checklist
7 Communicate Policy Change Explain how new or updated policies should be communicated across the organization.	 Sample Communication Plan  Frequency of Policy Translations  Sample E-Mail Communication
8 Designate a Policy Storage Location Specify a central repository to store policies.	 Policy Storage and Tracking Option Chart  Policy Management Technology Self-Assessment  Policy Management Technology Vendor Profiles
9 Clarify Permissible Deviations Determine if deviations to policies are allowed and how to revise policies accordingly.	 Permissible Deviation Decision Tree  Exception Processing Template

Legal and Compliance must make critical decisions to ensure consistent development, application, and rollout of individual corporate policies.

- Choose a member of the legal and compliance team to draft the Policy on Policies based on the following factors:
 - Familiarity with business lines
 - Tenure at the organization
 - Experience in policy creation and implementation

TOPICS TO INCLUDE IN A POLICY ON POLICIES

How to Use This Index: This index outlines the key topics to include in the Policy on Policies, based on member-donated samples. Follow the activities listed below to draft your stance on each of the core topics and incorporate them into your Policy on Policies.

Content Index of Typical Policy on Policies

	Activity
1. Definition of a Policy	State the criteria for policy content.
2. Scope of Policy on Policies	Determine the scope of the Policy on Policies based on key organizational characteristics.
3. Roles and Responsibilities	Elaborate on the responsibilities included for each role in the responsibility matrix from Phase 1.
4. Policy Creation and Updates	Outline when a new policy should be drafted or when an update to an existing policy is appropriate.
5. Standardized Policy Template	Provide a standard policy template and policy formatting guidelines.
6. Policy Approval Process	Establish the policy approval process and state how new or updated policies should be communicated across the organization.
7. Policy Communication Plan	
8. Policy Storage	Designate where all corporate policies are stored so employees and internal stakeholders know where to locate them.
9. Permissible Deviations from Policies	Determine how requested deviations from global policies should be addressed.

Source: CEB analysis.

Benefits of a Stand-Alone Policy on Policies:

- ✓ Provides a comprehensive governing document on the treatment of corporate policies
- ✓ Creates a forum to discuss policy management processes and requires critical decisions to be made and documented

Create clear guidelines to define what content should be included in a policy rather than a procedure.

- Legal and Compliance should articulate what content should be included in a policy to ensure the appropriate level and type of information is provided to employees.
- These criteria should be applied throughout the policy management life cycle, specifically when drafting new policies and reviewing existing policies.

ACTIVITY 1: DEFINE POLICY CRITERIA



How to Use This Chart: Use this sample criteria to adapt or provide your recommendation as to what goals and content should be addressed in a policy.

Sample Policy Criteria Chart

Illustrative

Key Criteria	Policy	Procedure
Content	Provides guidance on major operational issues; statement of “who” “what ”or “why”	Describes process; statement of “how” and “when”
Audience	All employees	Employees in specific business unit or jurisdiction
Customization	Not necessary due to global application	May be necessary due to local custom or variation in regulations
Required Approval	Board of directors	Head of business unit

Typically, policies apply across the global organization and include principle-based information; procedures include rules-based information and can vary between function and business unit.

Source: CEB analysis.

Decide the appropriate scope for the Policy on Policies based on key organizational characteristics.

- Consider the following organizational characteristics when choosing the scope of the Policy on Policies:
 - Geographic spread
 - Variation in regulatory intensity across business units
 - Organizational complexity
 - Technical operating, quality assurance, or disclosure processes (engineering, R&D, etc.)

ACTIVITY 2: DETERMINE SCOPE OF POLICY ON POLICIES



How to Use This Page: Review the different options to determine the appropriate scope for your Policy on Policies.

Considerations for Choosing Broad Versus Narrow Scope

Illustrative

Option 1: Broad Scope—The Policy on Policies covers all company-wide policies.

Benefits:

- Avoids inconsistencies and redundancies in policies across the global organization
- Encourages cross-functional involvement in policy management program
- Increases employee compliance as global policies will be consistent

Considerations:

- Increases the number of involved stakeholders to obtain the necessary cross-functional perspective
- Creates need to deviate from global policies due to local customs or varying regulatory intensity across business units and geographic locations
- Increases the burden on auditing and monitoring overall compliance with the Policy on Policies

Option 2: Narrow Scope—The Policy on Policies applies to policies owned by Legal and Compliance only.

Benefits:

- Guarantees consistent treatment of all policies covering legal and compliance risks

Considerations:

- Introduces inconsistencies between legal and compliance policy and business unit procedure

A broad scope in the Policy on Policies is best for organizations with the following characteristics as all company-wide policies can be subject to the same key criteria:

- Limited geographic spread (e.g., operate in the United States and United Kingdom only)
- Limited variation in regulatory intensity across business units
- Limited organization complexity (e.g., few business units or business lines)
- Limited technical operating, quality assurance, or disclosure processes (engineering, R&D, etc.)

A narrow scope in the Policy on Policies is best for organizations with the following characteristics due to the necessary variation in policies:

- Expansive geographic spread (e.g., operate in 10 or more countries)
- Complex variation in regulatory intensity across business units
- High organization complexity (e.g., numerous business units and business lines)
- Sophisticated technical operating, quality assurance, or disclosure processes (engineering, R&D, etc.)

Source: CEB analysis.

Outline policy management roles and responsibilities (from Phase 1) in the Policy on Policies.

- For each responsibility, outline the following aspects:
 - Additional stakeholders involved with each responsibility and the scope of their involvement
 - Cadence or frequency of that responsibility (e.g., annually, quarterly)
- While each policy may not need a separate stakeholder to play an assigned role, the same roles and responsibilities should be assigned to every policy.
- Include the matrices drafted in Phase 1 as an exhibit or appendix item in the Policy on Policies as a quick reference point for involved stakeholders on their role and responsibilities relative to others’.

ACTIVITY 3: INCORPORATE ROLES AND RESPONSIBILITIES



How to Use This Page: Reference the Responsibility Matrix created in Activity 2 of Phase 1 and further explain the responsibilities for each role in the Policy on Policies.

Description of Role and Responsibilities

Policy Owner

Description of Role: Responsible for drafting policy content, policy implementation, and training

Description of Responsibilities:

- Drafts policy language
 - Owner should work with Partner and/or Monitor to draft new or updated policy language.
 - Policy content should follow the format and language guidelines included in Section XX of Policy on Policies.
- Submits new policy or updated policy to the Approver
 - Once final draft has been completed, Owner to submit to Approver for review. Approver will provide requested revisions or provide final sign-off within one week of submittal.
 - If Owner has requested a deviation from an existing policy, Owner must fill out the Exception Processing Template included as Exhibit XX in the Policy on Policies.
 - All drafts should be stored electronically in [insert storage location] with the name of the policy and version included in the title.
- Implements the policy
 - Once final approval has been received, Owner should work with Partner and/or Monitor to determine appropriate implementation strategy for policy.
- Stores policy in a designated, central location
 - All drafts should be stored in [insert storage location] with the following title:
 - [POLICY NAME] DRAFT V.XX
 - Once the final version has been received, Owner to save the policy in [insert storage location] with the following title:
 - [POLICY NAME] FINAL as of [INSERT DATE]
- Delegates monitoring responsibilities
 - Owner to assign Monitor with specific tasks to perform ongoing monitoring of policy, including, but not limited to:
 - Monthly review of key regulations
 - Quarterly assessment of employee compliance with policy

Source: CEB analysis.

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Overview of Phase 2: Create and Implement a Policy on Policies

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Activity 9: Clarify Permissible Deviations

Appendix

Policy Governance Survey Results

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Sample Policy Management Resources

Policy on Policies

Functional Questionnaire

Exception Processing Template

Additional Implementation Support

Policy Management Technology Vendor Profiles

Broad Versus Narrow Scope Policies

“Guiding Principles”-Based Policies

Contact us directly to dive deeper into the full report and learn how CEB can help your compliance team establish a step-by-step approach to build or improve its policy management framework.