Policy Management Toolkit

How to Build a Sustainable Policy Management Program

Preview Report: 1 of 2

CEB Compliance & Ethics Leadership Council

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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.
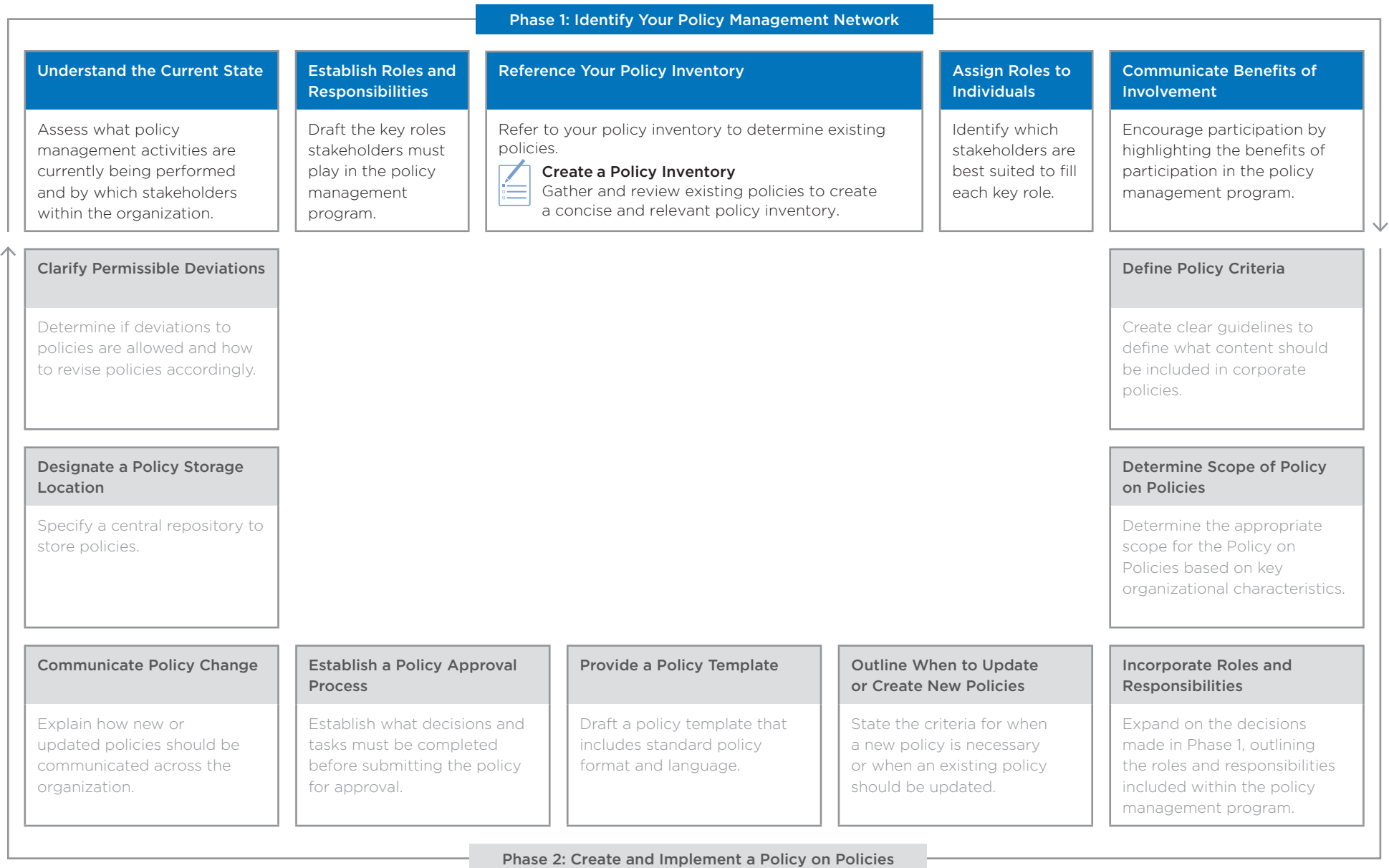
Toolkit Overview

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.

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[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

Understand the Current State

Assess what policy management activities are currently being performed and by which stakeholders within the organization.

Establish Roles and Responsibilities

Draft the key roles stakeholders must play in the policy management program.

Reference Your Policy Inventory

Refer to your policy inventory to determine existing policies.

Create a Policy Inventory
Gather and review existing policies to create a concise and relevant policy inventory.

Assign Roles to Individuals

Identify which stakeholders are best suited to fill each key role.

Communicate Benefits of Involvement

Encourage participation by highlighting the benefits of participation in the policy management program.

Clarify Permissible Deviations

Determine if deviations to policies are allowed and how to revise policies accordingly.

Define Policy Criteria

Create clear guidelines to define what content should be included in corporate policies.

Designate a Policy Storage Location

Specify a central repository to store policies.

Determine Scope of Policy on Policies

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

Communicate Policy Change

Explain how new or updated policies should be communicated across the organization.

Establish a Policy Approval Process

Establish what decisions and tasks must be completed before submitting the policy for approval.

Provide a Policy Template

Draft a policy template that includes standard policy format and language.

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.

Incorporate Roles and Responsibilities

Expand on the decisions made in Phase 1, outlining the roles and responsibilities included within the policy management program.

Phase 2: Create and Implement a Policy on Policies

OVERVIEW OF PHASE 1: IDENTIFY YOUR POLICY MANAGEMENT NETWORK

Goal

Choose stakeholders to participate in defined policy management roles for each organizational policy.

Common Challenges Addressed in This Phase

- How do we identify gaps in current policy management effectiveness?
- How can we define policy management roles and responsibilities?
- How do we assign policy management roles and responsibilities?

Key Activities	Key Resources
1 Understand the Current State Assess what policy management activities are currently being performed and by which stakeholders within the organization.	Policy Management Program Checklist Functional Policy Questionnaire
2 Establish Roles and Responsibilities Draft the key roles stakeholders must play in the policy management program.	Responsibilities Matrix Typical Characteristics of Role Owner
3 Reference Your Policy Inventory Refer to your policy inventory to determine existing policies.	Policy Inventory Decision Tree Common Stand-Alone Policies
4 Assign Roles to Individuals Identify which stakeholders are best suited to fill each key role.	Assignment Matrix
5 Communicate Benefits of Involvement Encourage participation by highlighting the benefit of participation in the policy management program.	Sample Stakeholder E-Mail Communication Tailor Communication to Role

- Although many organizations may not have a formal policy management program, Legal and Compliance and other key stakeholders likely already perform policy management tasks in their daily roles.

ACTIVITY 1: UNDERSTAND THE CURRENT STATE

How to Use This Checklist: Legal and Compliance should review and answer these questions to determine the efficacy of its current policy management efforts at the corporate level, identify improvement opportunities, and prioritize next steps in building a policy management program. Use the Functional Questionnaire on the following page to gather more information about policy management efficacy at the functional level.

Policy Management Program Checklist

Components of an Effective Policy Management Program

✔ **Comprehensiveness:** Compliance policies address all material legal and compliance risks of operations.

✔ **Consistency:** Clear ownership, permissions, classification guidelines, and communication responsibilities are established for all compliance policies.

✔ **Accessibility:** An up-to-date inventory of all compliance and ethics policies, procedures, and relevant guidance is accessible in multiple languages and formats (e.g., intranet, PDAs, physical location).

✔ **Applicability:** Employees recognize the applicability of the vast majority of compliance and ethics policies, including local and corporate expectations.

Sample Questions

- Do current compliance policies adequately address most material legal and compliance risks (e.g., compliance risk assessment priorities)?

- Do current corporate compliance policies adequately support company values and the code of business conduct?

- Do all corporate compliance policies have an assigned Owner?

- Are responsibilities of policy ownership clearly and consistently communicated?

- Do all corporate compliance policies use a standard template highlighting date of last update, approvals, scope, effective date, and responsibilities?

- Are all policies subject to a cross-functional approval and review process?

Corporate Considerations

- Does Legal and Compliance have access to a comprehensive, up-to-date inventory of policies? Is the inventory updated when policies change?

- Is there a process for integrating policies of acquired businesses and/or product lines?

Employee Considerations

- Can all employees access relevant policies at their most common job site?

- Do the majority of employees have access to native language policies?

- Are employees aware of relevant policies?

- Can most employees understand and follow policy guidance?

- Do employees certify compliance with relevant policies?

- Is there a mechanism for employees to provide feedback on policies?

Source: CEB analysis.

Request feedback from stakeholders across each function to identify current policy management processes.

- Obtain feedback from the following relevant functions:
  - Human Resources
  - Internal Audit
  - Information Technology
  - Finance
  - Sales and Marketing
  - Procurement
  - Logistics
  - Research and Development

- For smaller or more centralized organizations, consider scheduling an in-person or phone conversation to discuss these questions.

FUNCTIONAL POLICY QUESTIONNAIRE

How to Use This Questionnaire: Use this questionnaire to guide conversations with functional partners to assess the current state of policy management efficacy at the functional level.

Sample Functional Questionnaire

Questions	Comments
Status of Policy Inventory ■ Are all policies stored in a central location? ■ Does [function] maintain an updated inventory of policies? Relevant regulations? Who has access to it, audits it, and keeps it up to date? ■ When was the policy inventory last updated? ■ What [functional] policies are currently maintained? ■ What, if any, policy is missing?	
Current Involved Stakeholders ■ Who currently approves each policy? ■ Who currently owns each policy? ■ Are there SMEs in [function] who assist in drafting policies? If not, who should that person be? ■ Who is responsible for updating each policy?	
Current Policy Management Processes ■ How often are policies updated? ■ How does [function] stay informed about changes to existing regulations or relevant new legislation domestically and internationally? ■ Does [function] have a process for communicating regulatory changes that affect each business? Please describe.	
Quality of Policy Language/Content ■ Do all policies follow a consistent template? ■ Do all policies contain standard properties? ■ Are all policies accessible to employees? ■ Where do you maintain employee attestation/certification records?	
Suggestions/Feedback for Improvements ■ How can policy guidance be communicated more clearly? ■ Where should policies be stored to ensure they are easily accessible? ■ What can Legal and Compliance do to improve the current policy management processes?	

Source: CEB analysis.

- Although one function may be the Owner for a number of policies (e.g., Legal and Compliance), the Approver should be a senior-level business or functional partner to ensure the policy is workable and will not unnecessarily impede business processes.

ACTIVITY 2: ESTABLISH ROLES AND RESPONSIBILITIES

How to Use This Matrix: Identify the key policy management responsibilities for these key roles. Complete this matrix and provide a description of each role, followed by a list of the discrete responsibilities assigned to each role.

Sample Responsibilities Matrix
Typical Policy Management Roles

Consider combining the Partner and Monitor roles if these responsibilities are most appropriate for one stakeholder at your organization.

Suggested Roles	Approver	Owner	Partner	Monitor
Description of Role	Provides final approval for new and updated policy	Responsible for drafting policy, policy implementation, and training	Offers feedback on new and updated policy	Identifies roadblocks to policy adoption and/or need for update
Responsibilities	▪ Provides final approval for draft policies ▪ Provides signature for the policy to become effective ▪ Reviews policy to ensure consistency across global policies ▪ Authorizes policy deviations and exceptions ▪ Provides overall oversight of policies.	▪ Drafts policy language ▪ Responsible for implementation of the policy ▪ Submits policy to the Approver ▪ Stores policy in a designated, central location ▪ Delegates monitoring responsibilities to Monitor ▪ Solicits feedback on policy content from Partner and other internal stakeholders ▪ Monitors need for policy change	▪ Provides feedback on policy as a SME ▪ Reviews policy to ensure it does not conflict with related policies or is otherwise inconsistent ▪ Provides feedback on need for deviation from global policy ▪ Assists Owner with policy rollout and implementation	▪ Provides perspective on local adoption and implementation ▪ Identifies roadblocks for policy implementation (e.g., not feasible or time consuming) ▪ Assists Owner and Partner with policy rollout and training ▪ Assists Owner and Partner to identify potential gaps in existing policies

Source: CEB analysis.

TABLE OF CONTENTS FOR FULL REPORT

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 it's policy management framework.

Be on the lookout for our next preview that will provide insight on *Phase 2: Create and Implement a Policy on Policies*.