Appendix W
Compliance Management

Image: http://www.primevest.com/images/Compliance.jpg
Compliance

- Compliance with laws and regulations must be well managed
- Compliance may be burdensome
- But non-compliance can be even costlier.

Directors, Officers, liable for non-compliance

- Over-compliance as a risk-avoidance behavior, or uncertainty about compliance may slow down decisions, investments, and can raise cost
Compliance Checklist

- Is company monitoring potential legal issues?
- Is there a history of compliance problems?
- Are business units compliance-sensitive?
- Has the company outgrown the oversight systems that worked when it was smaller?

Setting Up A Corporate Compliance Program

- Appointment of a high-ranking senior manager
- Compliance code
- Familiarization of managers
- Oversight system
- Employee training programs
- Enforcement and disciplinary actions;
- Mechanisms for corrective action.

Corporate Code

- Establish the code of conduct
- Distribute the code
- Assign responsibilities
- Appoint compliance task force for monitoring, internal and external reporting, and taking of action
- Schedule for amending the code

Other Compliance Tools

- a whistle-blower hotline phone number;
- a non-retaliation policy toward whistleblowers;

Sarbanes-Oxley Compliance

• Section 302 requires CEO and CFO of publicly traded companies to certify that the company has established and maintains an effective system of internal control.


• Section 404 requires a company’s auditor to provide assurance on management’s control.