THE Network

Integrated GRC Solutions

The Integrated Approach to Managing Policies

Policy management is at the core of the GRC initiative, governing the boundaries of the organization's risk appetite and culture while establishing and promoting desired behavior.

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A WHITE PAPER

The Importance of Comprehensive Policies

Every business venture has risk. How an organization accepts and manages that risk defines the organization's potential for success. Organizations use corporate policies to set the boundaries for risk appetite while establishing and promoting the desired behavior. Because of this, compliance and HR leaders as well as business process experts have come to view policy management as the core component of an effective governance, risk and compliance (GRC) initiative and essential to successful risk management.

Recent trends in corporate lawsuits, employee-related issues and regulatory non-compliance have further increased the importance of policies. Hardly a day goes by without the news wires breaking some story about malfeasance or misconduct – Johnson & Johnson, GlaxoSmithKline, MF Global, Olympus, Penn State, Galleon, Goldman Sachs, Dominique Strauss-Kahn of the International Monetary Fund – just to mention a few. Corporations and institutions alike look to policy not only as a way to drive behavior and manage incidents and issues, but also to guard against future risks that could damage brands, reputations and revenues.

But effectively managing those policies can be a real challenge, primarily because of the difficulties in policy version tracking. Another common difficulty is the typical multi-step process required to cross reference violations to the related policy. In addition, as regulations change, so must policy, as well as the proper documentation of exceptions. Moreover, most organizations usually have very manual processes for these challenges.

It should by now be obvious that by integrating information about risk from across multiple departments, organizations can see the bigger risk picture. Policies are the common denominator in the equation. By using policies to define risk boundaries – what's good, what's bad, and what is in the gray area between – policies become the standard by which to evaluate violations (incidents) and their potential impact to the organization. Organizations promote good behavior by this same set of standards and educate employees on what is acceptable using policy as the measuring stick.

The best approach to policy management at the organizational level is all about integration, comprehensively looking at the full lifecycle of policy, from creation to approval, from distribution to revision.

One positive result can be the reduction in regulatory violations that are potentially costly. Another result, which takes a more long-term, objective perspective, is that a policy system can document expected behavior via an attestation process, as a way to provide evidence in court if legal proceedings result.

"Most organizations fail to manage the lifecycle of policy, resulting in policies that are out-of-date, ineffective, and not aligned to business needs.

It opens the doors of liability, as an organization may be held accountable for policy in place that is not appropriate or properly enforced." [1]

Corporate policy is an essential component to building an ethical culture, where employees know and are trained on the organization's expectations and guidelines for their behavior. However, even the most thorough and well-written policy must be adequately managed throughout its lifecycle in order to be effective. Policies must be thought of not as static documents, but as dynamic entities that must be looked after and cared for if they are to remain viable.

Integration: Enabling Comprehensive and Enterprise-wide Policy

Two primary objectives of a policy management system are: 1) to facilitate the policy lifecycle while 2) meeting regulatory compliance requirements. To get there, policy systems must be collaborative, on-demand and centralized. To have the greatest positive impact across the entire enterprise, the system should support a variety of key functions, including:

- Maintenance of a complete set of relevant policies in response to changes in the environment, which can be updated in a streamlined fashion as regulations change
- Documentation of due diligence efforts
- Ability to communicate expectations to the workforce
- Logging of records as to which employees have attested to what policies, and who has been trained and certified on specific policies
- Enterprise-level collaboration to enable multiple people to work on multiple policies
- Ability to provide adequate response to inquiries by documenting the history of policy communications in order to provide records of which versions of policies were in effect on which dates
- Insight into areas requiring clarification or modification by tracking incidents and cases against established policies
- Support for corporate-level compliance programs by being able to manage the entire policy lifecycle in alignment with organizational initiatives

By addressing these crucial areas, a policy management system can answer to the needs of the organization, especially in terms of the overall effectiveness of risk and compliance management initiatives.

Requirements of a Successful Policy Management System

An integrated policy management system can overcome the usual compliance hurdles by being able to: 1) effectively communicate the expectations of the organization; 2) capture attestations and certifications; and 3) identify any correlation between incidents and policies. These tasks can best be accomplished via several enterprise-level features which, when applied in an integrated fashion across the solution, connect the various aspects of an organization's compliance initiatives.

Because adherence to policy starts with awareness of policy, the system must allow for employee-level access to all current policies. A SaaS-based system provides this functionality and also enables enterprise-wide collaboration

> "At the highest level, policies start with the Code of Conduct, laying forth ethics and values that extend across the enterprise. These filter down into specific policies at the enterprise level, into the business unit, department, and individual business processes....
>
> Expectations of conduct are written into policies, so individuals know what is acceptable and unacceptable." [2]

for policy owners and contributors alike. Taking this roles-based hierarchical approach one step further, a collaborative, multi-contributor structure can also provide for section-level ownership and editing of content.

For administrators, contributors, collaborators and policy consumers alike, a dynamic wiki-based user interface and the use of common templates drive consistent formatting and usage, as well as improved productivity, efficiency and security. This interface should also include reminder and task notification widgets to ensure timely reviews and alignment with current regulations.

Policies are no more than words on a page unless they can be put into useful service on an ongoing basis. Therefore, employees must not only know that a policy exists, but also know what the policy says and understand how the policy impacts them.

In other words, retention of the policy's intent as well as content is essential to policy initiatives. To be most effective, a policy management solution should include embedded multimedia content, so that employees can view and listen to key information while they review it. This reinforces essential information and reiterates what the employee has already learned and been exposed to via training.

In this same vein, policies must be viewed as "green," not in the ecological sense but instead in the sense of being vibrant, living documents which must be maintained. An integrated policy management system enables concurrent association of implemented policies to regulations and control standards. To take this one step further, the system should integrate policy violations with actual policy to align updates with incident patterns and issues, in a continuous cycle.
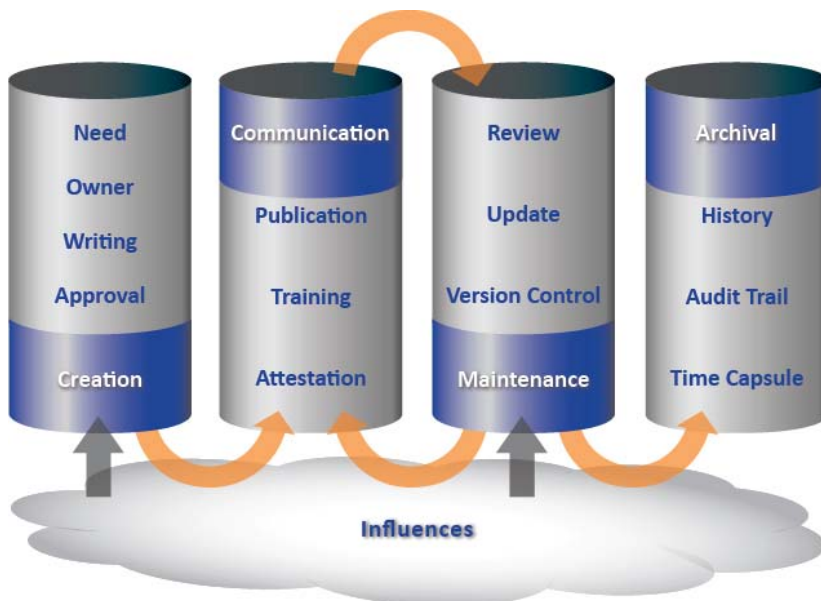
A policy management system should facilitate the entire policy lifecycle while meeting compliance requirements [3]

Policy compliance is often viewed in terms of the hypothetical or abstract, in the gray area where "doing the right thing" is not always clear. The very reason for

established policies is to make black or white these otherwise grey areas. As an extension of corporate culture, organizational policies retain a certain uniqueness that seems counter to the notion of automation. However, via integration with related subsystems, a policy management solution can enable a metrics-based view into the effectiveness of compliance initiatives, for a simplified connection between policies, incidents and cases. Using a collective user interface, policies can then be published and distributed to defined recipient groups.

In addition, this integrated approach to policy automates the certification process and facilitates reporting and GRC data aggregation across the entire enterprise.

Metrics-based policy management also provides an added layer of risk protection via an auditable record of attestations, certifications and disclosures, to help document due diligence should further investigation be mandated. Often referred to as "adequate procedure," this data set enables a more defendable response to legal, legislative or regulatory inquiries.

Maintaining the Policy Management Lifecycle

Following these tenants, this integrated approach to policy management enables organizational control of the entire policy management lifecycle, from creation to publication and retention, while collaborating across all levels of policy contributors and presenting policy information that employees can understand and retain. Even more important is the ability to measure the end-to-end effectiveness of compliance initiatives.

GRC thought leader Michael Rasmussen (Corporate Integrity LLC) says it very succinctly in his corporate blog:

"Policy lifecycle management that addresses accountability brings integrity and value to policy management. It provides accountability to policy management processes that are often scattered across the organization. It enables policy management to work in harmony across organization functions delivering efficiency, effectiveness, and agility.... Organizations require an enterprise view of policy accountability and collaboration that not only brings together silos, but integrates them into a common policy-management process." [4]

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REFERENCES

[1]   Rasmussen, Michael. "Defining a Policy Management Lifecycle," February 15, 2010
[2]   Rasmussen. "Collaborative Accountability in Policy Management: Effectively Managing Policies Across the Enterprise," November 2010
[3]   Derived from materials provided by the Open Compliance and Ethics Group
[4]   Rasmussen. "Accountability in Policy Management," July 5, 2011

ABOUT THE NETWORK

The Network is a leading provider of integrated governance, risk and compliance (GRC) solutions that allow organizations to create better workplaces and ethical cultures. The Network's Integrated GRC Suite, recognized as the "Apple of GRC" by GRC 20/20, is the first natively integrated enterprise GRC software platform in the compliance industry. The Suite was built to leverage the way employees retain and apply ethics and compliance information and helps companies prevent, detect and remediate non-compliance and unethical conduct. A SaaS-based technology solution, the Suite integrates policy management, eLearning, code of conduct, surveys and assessments and case management, all on a reporting and analytics platform. Originally established as the first whistleblower hotline provider in 1982, The Network serves thousands of organizations in every industry, including nearly half of the Fortune 500.

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