

HOW TO MANAGE WHEN YOU ARE THE ONLY COMPLIANCE OFFICER

by Nuria Sanchez Rubio



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At SCCE's virtual Compliance in Smaller Organizations conference, I had the opportunity to give a presentation, together with Dianne Kóval, focusing on how to build an efficient compliance program in a small organization.¹ I was pleased to share my experience; this topic sparked interest in many people who face the challenge of being the only compliance officer within their organization or a small team.

Following July's presentation, I present in this article some useful practical guidelines for successfully managing this role within a small organization.

First, it is important not to panic if you have been asked to be your organization's compliance officer and do not have experience. The management has proposed you for this job because they trust you will do it well, so do not be daunted!

You can carry out this role with ease at first and consequently create a strong ethical culture in your organization. The reward will come at a point when you realize the importance of ethics and compliance.

First step: The learning phase

This phase will help you execute your job efficiently and should not be underestimated or minimized. It involves obtaining the knowledge necessary to prepare the risk-mapping of your organization, which should be your next step.

Ethics and compliance training

You need to know what the role involves and be as knowledgeable as possible regarding everything necessary to build and implement an adequate compliance program in your organization.

Receiving comprehensive training is the first step, and many options

are available at a reasonable cost through law firms, professional associations, SCCE, and academic organizations. It is important to note that you may need to invest a significant amount of time depending on the sectors and jurisdictions where your organization operates.

Learning about your organization

This learning process will be easier if you are already working for the organization in a different role.

Having said that, you need now to identify and evaluate your organization's third parties, business activities, and/or processes from a compliance perspective. Very useful sources of information can be internal reports of the organization and publicly available reports regarding sanctions imposed on similar activities or organizations.

Talk with colleagues who work in business development, procurement, operations, finance, and human resources — do not only focus on management. Start from the bottom of the organization and observe how your colleagues work, such as the internal processes they follow, their interactions with third parties, etc. People generally enjoy talking about their work. A compliance officer must be able to interface easily, not only with internal staff at all levels but also with outside authorities.

First deliverable:

Compliance risk assessment

Your first deliverable should be a compliance risk assessment (CRA) report that identifies the risk activities within your organization, provides a risk score, and recommends risk mitigation actions. I said, "should be," as you may need to give priority to certain urgent actions which

may occur, like conducting an internal investigation. Being the sole compliance officer (or working with a small team) makes this job challenging when setting your priorities.

The contents of a CRA may vary depending on which sector or jurisdiction your organization operates. Additionally, bear in mind that some jurisdictions require a CRA and set out the minimum requirements.

My advice: start from scratch and make it simple. The authorities will be interested in how you have performed your risk evaluation and what controls and mitigation actions you have put in place as a result. Do not forget to document the process and internal meetings related to your CRA.

A CRA will not be sufficient if it is prepared only by the compliance officer. Working on your own based on what you have received in your training may lead to a document that does not serve its purpose: identifying all risks. This risk evaluation must be the result of a team effort, with the department heads of your organization.

Do not hesitate to ask for input and keep your management updated on the preparation of this important document. The management will need to give you regular feedback and ensure that the other colleagues involved in this work remain available for you.

Key purpose of your function: The compliance program

We may think that it is all about communicating a code of conduct. Perhaps that was the case many years ago, but today it could be perceived as counterproductive to the organization.

The CRA will give you a good idea of where you can start and will help you identify the missing compliance requirements within your organization. Your priority should be to target the activity with the highest risk score in your CRA. For instance, you may need to start with the establishment and communication of a "gifts, entertainment, and hospitality" policy, organize specific training for a certain department, screen several third parties, etc.

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Your compliance program is based on your expertise and experience and needs to be regularly updated as you progress with your work. Furthermore, your program may not fit all business activities within your organization, so you may need to adjust it based on countries or projects with a high risk of exposure.



How do I cope with my day-to-day work?

All organizations are wary of budgets, so it is common to find a compliance officer fulfilling an additional role — mostly as a general counsel, but we can also find people with other roles who serve as compliance officers. This may entail a significant workload, which may prove challenging, but consider the following: Compliance is not the job of only one person. There are measures in place, and other employees within your organization can support you.

Identify and prioritize which actions must be completed first. Certain steps will require quick responses, and there will likely be specific instances where the law will require a timely completion — for instance, conducting an investigation.

Second, list which actions in your program can be carried out by other employees who do not require the knowledge of a compliance officer — for example, organizing training as part of the employee onboarding process or performing the first-level screening on

third-party due diligence processes, etc. By delegating these tasks to others, these people can become your allies and reliable compliance partners within the organization.

If your organization operates in many countries with different languages or dialects or has many offices in far-flung locations, consider appointing at each locale compliance "champions": employees who act as liaisons between the compliance officer and local employees on certain compliance matters. They are usually willing and able to provide you with the local support required. If you decide to do this, consider creating a chart or other visual aid setting out the role and responsibilities of a compliance champion. This will ensure that the objectives are clear and within office of ethics and compliance norms.

You will also need external support, such as law firms and audit bodies, to help you, the former because certain investigations may require external legal counsel and the latter assist you in conducting things like International Organization for Standardization

certifications. Both will become valuable resources and will act as veritable allies.

Finally, you will need to define which compliance tools are needed for your program. For example, outsourcing the screening of third parties can help you document this process and save time if there are many third parties involved in your organization's business activities. Additionally, you may need to outsource the helpline system. This is particularly helpful if you have limited resources and work with different time zones or languages.

An organization with a strong ethical culture

The mandate of a compliance officer will be fulfilled when the employees and managers build an ethical mindset and culture within the organization. While the formal elements of a compliance program can easily be controlled and monitored, the ethical culture is more difficult to assess and less visible, as it is rooted in the minds of those involved.

From my perspective, you can evaluate the level of ethical


culture through active participation across all departments. Here are a few signs that your organization's culture has become more ethical:

- ◆ Employees contact you directly for a question or to report unethical conduct and feel protected reporting the matter to you.
- ◆ Employees frequently raise and discuss ethical issues.
- ◆ Internal trainings can become interactive, raising participants' questions, remarks, and visible interest.
- ◆ Managers play an active role

in supporting compliance actions.

- ◆ Business ethics is part of the business agenda.

Implementing a successful compliance program is essential to spread an ethical culture.

To conclude, being a sole compliance officer is a long-term challenge. As we often say, there is no universal formula for this job. Still, this article presented some useful tips that may generate further discussion on how to manage being the sole compliance officer in an organization. 

Endnotes

1. Dianne Koval and Nuria Sanchez Rubio, "How to Build an Efficient Compliance Program in a Small Organization," *Compliance in Smaller Organizations*, virtual conference, July 19, 2022, <https://compliancecosmos.org/how-build-efficient-compliance-program-small-organization-0>.

Takeaways

- ◆ The learning phase is essential to your future credibility as a compliance officer.
- ◆ Perform a risk assessment based on your knowledge, teamwork, and feedback from management.
- ◆ Build a compliance program adapted to the structure and activities of your organization.
- ◆ Employees across many departments in your organization working on compliance-related matters enhance employee commitment and strengthen the ethical culture of a company.
- ◆ Ethical culture is built through a collective effort.

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