

SCCE Compliance 101 Third Edition

Appendix 4. Sample Board of Directors Resolution

To Members of the Committee on Compliance and Audit:

ACTION ITEM

For Meeting on: [DATE]

RECOMMENDATION

The Committee on Compliance and Audit recommends to the Board that, following a presentation in the Committee regarding the proposed Ethics and Compliance Program by the Corporate Compliance Officer, the Board approves the following resolution:

WHEREAS, the Board made the decision on [DATE] to establish a corporate compliance program and established the new position of Corporate Compliance Officer, an officer of the corporation, by amending the Bylaws and Standing Orders accordingly; and

WHEREAS, The President/CEO strongly endorses and recommends that the Corporate Compliance Officer have a robust ethics and compliance program, and

WHEREAS, the Corporate Compliance Officer assumed the position in [MONTH, YEAR] and has developed the proposed program and structure for an effective Ethics and Compliance Program for; and

WHEREAS, voluntary adoption of such a program is considered a best business practice that will serve to enhance the public trust and meet expectations of the Board and external stakeholders by demonstrating the Board's commitment to good stewardship of resources; and

WHEREAS, the proposed program, includes a reasonable timeline for development of all requisite elements of an effective Ethics and Compliance Program including:

1. Written standards of conduct as well as appropriate policies and procedures;
 2. Oversight by the Committee on Compliance and Audit and the Corporate Compliance Officer with the primary responsibility for the ethics and compliance activities assumed by the organization, as appropriate; advice on compliance matters and risk mitigation activities will be provided from the Corporate Compliance Officer;
 3. Development and implementation of regular, effective education and training programs, as well as mandated education such as sexual harassment prevention, conflicts of interest, ethics and compliance, and other areas of concern;
 4. Effective communications and processes maintained for reports of potential and/or perceived compliance matters or improper governmental activities with timely responses that provide the ability for a complainant to remain anonymous and free from retaliation;
 5. Development and maintenance of compliance systems and controls that can be objectively assessed,
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monitored, and audited for effectiveness;

6. Assurance that management is enforcing appropriate disciplinary action for those who have violated policies, procedures, or applicable legal requirements; and

7. Assurance that management is taking appropriate corrective action and remedial measures when problems are identified to resolve and prevent reoccurrence of those problems; and

WHEREAS, the Corporate Compliance Officer is primarily responsible to ensure that responsibilities are executed related to ethics and compliance matters and to assess and monitor that compliance systems and controls are effective, and

WHEREAS, the proposed program committee infrastructure includes a broad cross-section of individuals from all organization's locations and specific risk areas; and

WHEREAS, performance metrics will be developed to assess and evaluate identification of risks and the performance of related compliance systems to ensure rules, regulations, policies, and other compliance requirements are met,

NOW, THEREFORE, BE IT RESOLVED, that the Board of [ORGANIZATION NAME] approves and adopts the Ethics and Compliance Program and structure shown in Attachment I.

BACKGROUND

The Board created the role of Corporate Compliance Officer (CCO) as a corporate officer reporting directly to the Board through the Committee on Compliance and Audit with the intent that a comprehensive Ethics and Compliance structure would be developed under the leadership of this role, the Board appointed [NAME] to the CCO position. Upon arrival, CCO consulted with leadership to identify four major risk areas for initial focus and created a project team to conduct a compliance-activities inventory for the four areas at all locations. Insight and information gained from this process provided a foundation for understanding the complexity and scope of the organization as well as the many regulatory requirements that govern its operations.

The Federal Sentencing Commission and other agencies have outlined program guidance on the structure of an effective ethics and compliance program, listing the seven elements contained in the proposed program and identified in the language of the resolution.

The proposed program and structure recognize the size and complexities of the organization and take into account the need for an organization-wide approach sufficient to address these complexities. If the Board approves the program and structure at this meeting, next steps will include implementing the approved model, identifying further performance metrics for the organization, further developing each element of the program, continuing communication with the Board related to progress of the implementation, and reporting on performance metrics and on high-risk areas. The proposed Ethics and Compliance Program is described in further detail in the attached document, "[ORGANIZATION NAME] Ethics and Compliance Program Plan" (Plan).

The Federal Sentencing Guidelines require that a governing board be "knowledgeable about the content and operation of the compliance and ethics program." For that reason, the proposed program and its structure are to be presented at a meeting of the Committee on Compliance and Audit to which all Board members are invited. Following the presentation, it is recommended that the Committee on Compliance and Audit recommend to the Board that it approve and adopt the proposed program by approving the resolution.

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