

Understanding the Role of an Interim Compliance Officer

Numerous Events Can Trigger the Use of an Interim Compliance Officer

Over the last few years, there has been growth in the use of interim and designated compliance officers. In most cases, these are outside experts brought in to operate or manage an organization's compliance program. Interim compliance officers (ICOs), as is implied in the name, are temporary compliance officers serving for a period of time while an organization seeks a qualified permanent replacement.

Some ICOs may be designated compliance officers (DCOs). The Department of Health and Human Services (HHS) Office of Inspector General (OIG) has stated in its compliance program guidance, "For those companies that have limited resources, the compliance function could be outsourced to an expert in compliance." For purposes of this article we will focus on ICOs.

Hospitals and other health care organizations turn to outside consultants for temporary service as compliance officers for a variety of reasons. Most commonly, it is in response to events that trigger the need for an immediate compliance expert to manage and enhance the program, while seeking a permanent compliance officer. Frequently, the departure of a long-time compliance officer creates a vacuum in the compliance program that needs to be filled quickly. It is not surprising that after a decade of active compliance program development, many compliance officers are retiring or moving to new organizations. A government investigation, imposition of a corporate integrity agreement (CIA), or certification of compliance agreement (CCA) also may result in the use of ICOs to quickly build or rebuild a compliance program. In other cases, a board or new executive leadership may wish to use proven experts to promote or elevate the compliance program to a higher level.



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Organizations find it useful to have an independent expert come in to manage the program until a permanent replacement can be found. This process has the added advantage of having, in effect, an independent evaluation of the program's effectiveness while it is undergoing active management. Outside professionals who will not be competing for the permanent position can bring independence and objectivity without any preconceived notions about personnel or programs, or any investment in prior decisions and actions.

Other advantages arise from having a broader perspective of having worked in a variety of program settings and having experience with proven methods. ICOs also have experience working with a variety of executive leadership and boards. They can speak with authority in building confidence in enhancing the compliance program and culture. A critical factor that can be brought to bear with an ICO is experience and detailed knowledge of federal and state laws and regulations.

Use of an ICO also can assist in better defining the characteristics, experience, and

qualifications needed in a new compliance officer. In any case, there is a desire to have "fresh eyes" reviewing and improving the development of the compliance program. This may include a desire to build a sounder foundation for the compliance program or to demonstrate to government agencies a serious commitment to the compliance culture and process.

The trick in using this approach is finding qualified ICOs. It is extremely important that they be properly qualified. This means they should have multiple levels of experience upon which you can draw and not just served as a compliance officer in another organization that may or may not have been a model program. Furthermore, most contracts for ICOs are for a specific term, usually six months to a year, and include the ICO assisting in defining the qualifications, participating in the interview process, and selecting a permanent compliance officer. The ICO should be a transitional person, not someone who is looking for the position permanently. The difference is critical to ensuring objectivity in carrying out the duties of the position.

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