

2021: Time for Evidencing Compliance Program Evaluation?

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Key Points:

- **Full compliance program effectiveness evaluations.**
- **Compliance program gap analysis.**
- **Employee compliance knowledge or culture surveys.**

The Compliance Officer, like any program manager, is responsible for ongoing monitoring, but evaluation of the Compliance Program must be performed by individuals who are independent of the compliance office. The Department of Health and Human Services (HHS) Office of the Inspector General (OIG) compliance program guidance stresses the importance of **independent** review and evaluation of the effectiveness of the Compliance Program. In addition, the 2020 Department of Justice *Evaluation of Corporate Compliance Programs* guidance encourages prosecutors to consider whether an organization has taken reasonable steps to periodically evaluate the effectiveness of its compliance program.

[Compliance Program effectiveness evaluations](#) conducted by recognized experts are by far the best method to evidence how well the program is functioning, but also the most expensive. They measure outcomes through 360-degree evaluations that include (a) full document examination and review; (b) on-site review and testing of operations in action; and (c) interviews of Board members, executives, key staff members, and focus groups. Strategic Management adheres to the General Accountability Office standards of independence, qualifications, and objectivity. The resulting reports provide 60-100 pages of findings and observations, along with recommendations and suggestions for program improvement.

[Compliance Program gap analysis](#) can be done at half of the cost (or less) of a full Compliance Program effectiveness evaluation, but the reduction in cost is matched by the diminished value of results. It is primarily a document “checklist” review which focuses on output metrics, rather than outcome metrics, related to program effectiveness. It is best for organizations that have

new or incomplete programs and desire assistance in identifying gaps that must be addressed to develop a complete compliance program. It can identify issues for inexperienced Compliance Officers and provide suggestions for addressing deficiencies.

Compliance culture and knowledge surveys are the least expensive means of evaluating Compliance Program effectiveness; they cost a fraction of the two other methods and can provide benchmarking of Compliance Program effectiveness against the universe of users. They have long been advocated by regulatory bodies, including the United States Sentencing Commission and the OIG. Both recommend using surveys of employees to gauge how well a program is functioning. [Compliance knowledge surveys](#) test knowledge of the compliance program structure and operations, and can provide very credible empirical evidence of the advancement of program knowledge, understanding, and effectiveness. [Compliance culture surveys](#) focus on employee beliefs, attitudes, and perceptions, which are useful for measuring the extent to which individuals, coworkers, supervisors, and leaders demonstrate commitment to compliance. Using both types of surveys should be considered, as they are useful for benchmarking and measuring change in the compliance environment over a period and provide different dimensions and perspectives on a compliance program.

For more information on the difference in scope and costs among these methods, contact Richard Kusserow at rkusserow@strategicm.com.