

Set The Tone at the Top:

Begin Your Code of Conduct with a Cover Letter

The Code of Conduct (Code) is considered a critical core document for an organization's compliance program. It should provide the guiding principles for all other compliance written guidance, including policies and procedures. One very important component of the code often overlooked is a cover letter from the organization's chief executive officer or president. The cover letter sets the tone from the top and defines the significance of compliance to everyone associated with the organization. This is key to developing, promoting, and maintaining a culture of compliance in the organization; it underscores that the Code is binding on everyone at all levels.

Delivering the right tone from the top establishes the guiding values and ethical climate. It develops a sense of shared values critical for effective delivery of services in an ethical compliant manner. This also helps to strengthen the organization's reputation.

A cover letter assists in translating words into actions by communicating the organization's commitment to compliance, letting everyone know that compliance is important, and that failure to abide by the guiding principles of the Code may result in adverse action being taken. For these reasons, it should be expressly stated that senior management is committed to the obligations laid down in the Code, and they will be the first ones to comply with them. Finally, a well-written cover letter gives context to the Code, making it easier to read and understand.

The content of the cover letter should be brief enough to be read easily and long enough to explain principles, commitments, and other important components of the Code. It is best to include some basic information about the organization, including a restatement of its values, mission, and vision. It should also outline the Code's purpose and guiding principles, underscore

personal support for the compliance program, reinforce the message that compliance is a top priority for the organization, and make it clear that compliance applies equally to everyone.

Another important message point that is useful to include in the cover letter relates to the organization's commitment to open communication by mentioning the compliance reporting channels (e.g., hotline and Compliance Office) and clearly stating that (a) everyone has a duty to report any suspected violations; (b) reports can be made anonymously or confidentially; and (c) no retaliation will be permitted against those reporting issues in good faith.

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