

**ADMINISTRATION****Promoting higher standards***Generally Accepted Compliance Practice Framework launched*

THREE YEARS AGO THE Compliance Institute of South Africa embarked on an ambitious project to develop a blueprint for compliance practice – the first of its kind in the world. Early last month the completed framework, the Generally Accepted Compliance Practice Framework, was launched in Johannesburg at the Institute's 10th Annual Conference.

Recent scandals in local and global financial markets have highlighted the need for additional focus on the fair treatment of clients and the protection of their interests. This has led to increased regulation and more emphasis on the compliance function.

Julie Methven, CEO of the Compliance Institute says that organisations with mature compliance cultures consider the compliance function a vital element of business operations and no decisions, for example on new business ventures or services, are taken in such organisations without its involvement.

Writing in the foreword to the Framework, Gerry Anderson, deputy executive officer of the Financial Services Board, notes, "The role of the compliance officer in South Africa has grown into one of significant importance, as financial service providers are increasingly relying on their compliance officers to guide them through their regulatory responsibilities." Anderson says the Framework is a contribution to good governance which, in turn, enhances consumer protection in the SA financial services industry.

Methven comments, "It's hoped that the Generally Accepted Compliance Practice Framework will assist



Julie Methven

both compliance professionals and the regulators to contribute towards promoting high standards of corporate governance and ethical behaviour in the financial services industry."

The Framework provides a set of standards and norms that act as a benchmark of compliance best practice. It consists, firstly, of a set of principles considered critical for establishing and maintaining an effective compliance risk management framework. These include issues such as governance, the responsibility of management in respect of compliance, independence, and fit and proper requirements for compliance officers.

"Independence is a key issue as the compliance function needs to be sufficiently independent of business activities to discharge its responsibilities effectively while not impairing the