

Framework provides a blueprint for compliance practice

COMPLIANCE is an integral aspect of risk management and corporate governance and is about applying the law to business.

Julie Methven, CEO of the Compliance Institute of South Africa, says that failure to comply is both a regulatory and a reputational risk to an organisation.

She says the global financial crisis has highlighted starkly how a company's corporate governance, or

lack of it, can affect the economic life of its community.

"This has sparked a backlash across the globe against the loose standards of ethics and compliance in the financial services industry in particular and, no doubt, there will be an increased focus on stronger regulations and enforcing compliance across all industries."

Three years ago the Compliance Institute of SA began to develop a

blueprint for compliance practice, the first of its kind in the world. They recently unveiled their generally accepted compliance practice framework.

Methven says that organisations with mature cultures consider the compliance function a vital element of risk management and business operations.

"It's hoped that the generally accepted compliance practice

framework will assist risk management professionals, compliance professionals and the regulators, and 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 for compliance best practice.

Methven says that compliance is more than just manuals and procedures, and certainly much more than checklists.

"The commercial world is highly complex and interrelated, as are the legislation and regulatory requirements that organisations have to contend with. Compliance officers need to be able to apply their own judgment to their organisation's compliance risk and act accordingly."