

CORPORATE COMPLIANCE MANAGEMENT

Only the culture of strict adherence to good compliances can keep a company ahead on sustainable basis, bring in larger profits.....

Compliance means conforming to stated requirements. At an organisational level, it is achieved through management processes which identify the applicable requirements (defined, for example, in laws, regulations, contracts, strategies and policies), assess the state of compliance, assess the risks and potential costs of non-compliance against the projected expenses to achieve compliance, and hence prioritize, fund and initiate any corrective actions deemed necessary.

Compliance, in a regulatory context, is a prevalent business concern, perhaps because of an ever-increasing number of regulations and a fairly widespread lack of understanding about what is required for a company to be in compliance with new legislation. In the financial sector, SOX was enacted in response to the high-profile Enron and WorldCom financial scandals to protect shareholders and the general public from accounting errors and fraudulent practices in the enterprise. In the healthcare sector, HIPAA Title II includes an administrative simplification section which mandates standardization of healthcare-related information systems. As compliance has increasingly become a concern of corporate management, corporations are turning to specialized software, consultancies, and even a new job title, the Chief Compliance Officer (CCO).

To serve these ends, firms must operate and be able to demonstrate that they operate an effective compliance programme. The National Centre for Preventive Law prescribes certain Corporate Compliance Principles which provide guidelines for designing and implementing compliance programmes which are as follows:

1. Managing Compliance
2. Containing Risk
3. Responding to the Changes
4. State Compliance policy
5. Endorsement at the Top Level
6. Creating Compliance accountability
7. Ensuring Programme fairness

Corporate Governance has also been recognized by Listing Agreement in Clause 49 –

"The Board shall periodically review compliance reports of all laws applicable to the Company, prepared by the company as well as steps taken by the Company to rectify instances of non compliances."

Advantages of Corporate Compliance

1. Easy quantification of risk
2. Establishes risk appetite
3. Identifies and prioritise controls
4. Includes a multitude of compliance obligations
5. Builds strong foundations
6. Extends confidence to Investors
7. Gains a competitive edge
8. A good Compliance system leads to excellence in operations

A good corporate compliance management tool can result in reduced risk and higher profits which ultimately give higher valuation to company.

The Company Secretary is like the back-bone of any compliance management system to any organization; with its proactive approach and intelligence, it makes an organisation front runner in its field.