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Ethics and compliance program charters and the value of self knowledge

By Rebecca Walker

Rebecca Walker (rwalker@kaplanwalker.com) is a Partner at Kaplan & Walker LLP in Santa Monica, CA and Princeton, NJ.

As Socrates made clear more than two thousand years ago (although he was arguably speaking about something other than compliance programs), nothing is quite as powerful as knowing oneself—having a firm sense of your purpose, mission, and responsibilities. Although not every ethics and compliance (E&C) program has adopted one, a E&C program charter can be an invaluable tool in program self-knowledge. It can help articulate the program’s purpose, mission, and responsibilities for those involved in designing and implementing the program, and it can assist senior leaders, the board of directors, employees, and other stakeholders in understanding the program’s scope and purpose. In particular, in a field that is still somewhat young and a function that may still be somewhat new to employees and others, a well-defined and clearly articulated identity are crucial. Program charters can help enormously in this regard.

A good E&C program charter also helps protect the independence and authority of a program—the two most critical of program attributes. A founding and guiding document is important not only to protect a E&C program from potential infringement from internal and external constituents, but it is also a framework that the function itself can and should periodically revisit to ensure that the program remains true to its purpose, mission, and responsibilities. And, for purposes of program assessment, a program charter is a valuable document for a compliance professional to audit against. This article will first discuss the various components of an E&C program charter, then briefly address the development and review of charters.

The components of a program charter

E&C program charters typically have five primary components, each of which plays an important role. Charters typically:

1. Discuss the company’s commitment to compliance and business ethics and explain how the program helps further that commitment.
2. Describe the position of a program within an organization, including discussing reporting lines.
3. Articulate—and thereby seek to protect—a program’s authority to access documents and people when needed.
4. Set forth the responsibilities of the program (e.g., to conduct a compliance risk assessment, to create a training and communications plan, to assess the program).
5. Describe the scope of a program.

In short, charters seek to protect the independence and authority of a program, while increasing a program’s visibility and the understanding of employees regarding its role. Like an internal audit charter, an E&C program

charter also may describe the types of services to be provided by the department and establish the authority and position of the function within an organization.

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