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Using SMART goals to measure the effectiveness of your compliance program

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Seven elements of a compliance program

We all know that there is no one-size-fits-all compliance program. However, when it comes to building a compliance program, there is no need to recreate the wheel. The Office of Inspector General's Seven Elements of an Effective Compliance Program (seven elements) provide guidelines for any healthcare organization to build an effective compliance program that fits their organization's unique issues and needs.[1] As a reminder, the seven elements include:

1. "Implementing written policies, procedures and standards of conduct.

2. "Designating a compliance officer and compliance committee.

3. "Conducting effective training and education.

4. "Developing effective lines of communication.

5. "Conducting internal monitoring and auditing.

6. "Enforcing standards through well-publicized disciplinary guidelines.

7. "Responding promptly to detected offenses and undertaking corrective action."

Although establishing a compliance program based on the seven elements is essential, you must also ensure that the program actually works in preventing and detecting noncompliance. Consistently evaluating and measuring the effectiveness of your compliance program could almost be considered an eighth element.

Measuring effectiveness

It can sometimes be difficult to determine the best way to evaluate a compliance program and measure its effectiveness, but one method to consider is employing goals that address each of the seven elements. Setting and reviewing goals, if done correctly, can provide a measurable way to determine whether your compliance program's effectiveness is working and to begin building benchmarks to track progress against time.

To ensure your goals will meaningfully measure your program's effectiveness, be sure they are SMART: Specific, Measurable, Attainable, Relevant, and Time bound.

SMART goals and how to measure

In 1981, George T. Doran, a consultant and former director of corporate planning for the Washington Water

Power Company, introduced the SMART goals concept as a tool to help improve the chances of actually accomplishing a goal.[2]

The components of the acronym include:

- "S" stands for "Specific," meaning that the goal needs to be specific; it should include an answer to the five "W" questions: Who, What, When, Where, and Why.

- "M" denotes "Measurable." A measurable goal must be tangible in order to measure progress. For example, setting a milestone or benchmark helps make a goal tangible and measurable.

- "A" represents "Achievable." To set an achievable goal, the goal must be realistic, and there should be tools and resources readily available to make it actually attainable.

- "R" means "Relevant." To ensure the goal is relevant, it should align with at least one of the seven elements.

- Finally, "T" connotes "Time bound", which means that the goal has realistic timing. Setting a target date for a goal is imperative; as it has frequently been said, a goal with no end date is just a dream—it may or may not ever happen.

Now that we understand the importance of setting SMART goals, let's take a closer look at how to set goals in a way that will lead to measuring compliance program effectiveness.

Let's start by examining a sample goal: "Substantive changes in policies and procedures are to be communicated by leadership to affected employees within five business days, nonsubstantive within 30 days." Now, let's use the SMART goals formula to break this goal down:

- **Specific**.

    - Who: This goal applies specifically to leadership.

    - What: This goal requires that affected employees be notified of changes in a timely manner.

      When: The goal provides two timelines to meet, depending on whether the change is substantive or nonsubstantive.

    - Why: Communicating changes in policies and procedures, especially to those whose day-to-day job is affected by those changes, meets the first and fourth of the seven elements and is good business practice.

    - Where: This question may not always apply, but in this case, it could include specific information about how policy changes are communicated (e.g., through a policy and procedure tracking software program).

- **Measurable**. The timeliness of communication can be measured from the time a policy or procedure is finalized and/or approved to when it is provided to affected employees. It is simply a matter of checking two dates.

- **Achievable**. Assuming sufficient staff and resources, leadership should be able to achieve this goal—depending on the organization, it could be as simple as sending an email.

- **Relevant**. As noted previously, this goal is relevant to the effectiveness of a compliance program because it

addresses elements one and four.

- **Time bound**. As noted before, this goal is specifically written to be time bound and provides multiple time frames depending on the scenario, as appropriate.

Tables 1–7 show examples of SMART goals for each of the seven elements that you may want to consider implementing in your program. Keep in mind that these sample SMART goals are not all-inclusive. Each organization's compliance program and effectiveness measurements will be different depending on the organization's risk areas, resources, segment, etc.

SMART goals	How to measure
All operational units' policies and procedures are to be reviewed by the unit manager by the end of December of each year.	Create a list of all operational units' policies and ensure all basic policy elements are in place, updated consistently, and reviewed/approved by appropriate leadership or committee.
Substantive changes in policies and procedures are to be communicated by leadership to affected employees within five business days, nonsubstantive within 30 days.	Audit all policy changes to ensure there is adequate and timely communication to affected employees.
Within 60 days of new policies being released, changes in operational practices must be implemented.	Audit practices and review committee minutes and other documentation to determine how and when new policies are implemented.
All policies and procedures are totally accessible via the intranet for all employees.	Create a checklist to make sure all minimum policies are in place and accessible.

Table 1: Implementing written policies, procedures, and standards of conduct

SMART goals	How to measure
Compliance committee members will not miss more than two committee meetings per year.	- Track percentage of attendance of each compliance committee member for the previous year. - Periodically review the committee charter to assure understanding of the requirements.

Compliance department will have no less than five full-time equivalents assigned to the compliance function on an annual basis.	• Review budget and staffing to ensure significant risks are managed appropriately. • Review charter of governing board to verify it includes approval of compliance budget.
A minimum of 90% of the compliance work plan is completed by the compliance department by December of each year.	Ensure the work plan is developed and implemented and outcomes are reported to the compliance committee or to the governing body.
Compliance department is to promote a culture of compliance by celebrating compliance week every year in November, with at least one organization-wide event.	Conduct employee surveys to determine the impact of the celebration.

Table 2: Designing a compliance officer and compliance committee

SMART goals	How to measure
Compliance department staff will provide general compliance training for all employees, applicable third parties, and the board of directors by the end of January of each year.	Conduct document review and audit to ensure all compliance-related education is documented, including material covered, attendees, and deployment method.
At least one compliance representative is present at every weekly scheduled senior management and governance-level meeting.	Confirm by audit that a compliance representative has attended all such meetings.
All newly hired employees designated to be in high-risk positions must complete risk area–specific training within 30 days of employment.	• Audit job codes to ensure the correct training has been assigned. • Audit sign-in sheets or other tracking tools to ensure individuals are attending required training.
All staff must score at least 85% on their compliance post-training test.	• Conduct document review to determine if there is an established method for evaluating the effectiveness of compliance training. • Review to confirm the results of post-training tests are evaluated and tracked.

Table 3: Conducting effective training and education

SMART goals	How to measure
On a quarterly basis, compliance department staff present compliance program information and updates at all-staff and board meetings.	- Conduct a document review to ensure compliance updates are shared at various meetings. - Track all such presentations to ensure compliance staff is a visible presence at the meetings and maintain sign-in sheets to evidence attendance.
Compliance department staff check in with employees who report concerns every Friday of the week until the concern is resolved.	Survey employees to determine their perception of how accessible compliance staff is and if they believe their concerns are taken seriously and adequately addressed.
Human resources department staff screen vendors and other third parties for exclusions before agreements are signed and results are communicated to appropriate stakeholders within 10 business days.	- Audit vendor records and cross-check to ensure the vendor is adequately screened. - Conduct reviews of third-party contracts.
Within 10 days of a rule change, compliance department staff communicate the update to all affected employees, including whether there is a need for changes in policies and procedures.	Conduct a document review to ensure a process for communicating and training employees on new laws, regulations, and policies and procedures.

Table 4: Developing effective lines of communication

SMART goals	How to measure
95% of hotline inquiries are resolved by compliance department staff within 30 days of initial receipt.	Review date reported, dated responded, and date investigation closed.
Compliance department will complete at least 95% of the audits identified in the audit plan by December of each year.	Review audit plan to ensure completion rate is met.

Compliance department will share report of audit results with appropriate operations, the compliance committee, and governing body within 10 days of report completion.	Verify each audit report to determine whether the report has been shared within the specified time frame.
Affected department will complete a corrective action plan within 45 business days after receipt of the audit report.	• Ensure audits have corrective action documented in a timely fashion. • Conduct follow-up audits to ensure corrective actions were successful in correcting the deficiency.

Table 5: Conducting internal monitoring and auditing

SMART goals	How to measure
Human resources department will carry out disciplinary action within seven days of confirmed compliance violations.	Review human resources files to ensure timely disciplinary action is carried out.
Performance reviews must have built-in compliance efforts and be conducted by a department manager by the first week of January of each year.	Audit employees' performance reviews to ensure compliance is built into the performance evaluation and that the reviews are conducted in a timely manner.
None of the good-faith reporting from all employees results in any type of retaliation.	Review demotions, terminations, and conduct employee surveys.
Disciplinary actions that require reporting to regulatory authorities are reported by compliance department within seven business days.	Audit disciplinary files to ensure timely reporting to regulatory authorities.

Table 6: Enforcing standards through well-publicized disciplinary guidelines

SMART goals	How to measure
Compliance department will maintain all investigation documentation all of the time.	Audit policy checklist to ensure there is a policy and procedure in place for documentation that needs to be maintained.

Investigation is performed by qualified staff within 14 days of a reported issue.	• Audit investigations to look at the quality and effectiveness of investigations. • Audit process to review whether allegations were appropriately and timely handled.
Compliance log is reviewed by compliance department staff by Monday of each week.	Review compliance log to ensure all investigations and actions are tracked, as well as supporting files for each entry.
Remedial efforts are established by the compliance department within 30 days of the outcome of the investigation.	Review documentation of corrective action plans to ensure deficiency was fixed.

Table 7: Responding promptly to detected offenses and undertaking corrective action

Once you have defined SMART goals within all areas of your compliance program, it is essential to put a plan in place to achieve them and develop a system to consistently measure how well the program is meeting those goals. Aside from determining whether the compliance program is effective, a benefit of consistently measuring compliance program performance against goals is the ability to quickly provide that same information, as well as trends over time, to leadership. Demonstrating the effectiveness of a compliance program, including how much of a return on investment it produces by meeting or exceeding its goals, is crucial to securing sufficient funding and support from leadership and for evidencing compliance to the government.

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