

Is Your Compliance Department *Real and Alive*?

Speaking at the IQPC 2010 Internal and Regulatory Investigations in Oil and Gas Conference, Nick Lumley, General Counsel of Centrica Storage, discussed how Centrica is using compliance policies and procedures as a business enabler. As a relatively new corporate entity, Centrica was able to create its own Code of Conduct and compliance culture within the past decade. Lumley emphasized that neither he nor the Company wanted a checklist culture of compliance but one that was vibrant within the Company.

One of the key items stressed by Lumley to make compliance vibrant was not only that a culture of compliance had to be *real and alive* within a company, but that the Compliance Department itself must also be *real and alive*. By this he meant that the Compliance Department had to be not only flesh and blood people that the rest of the company could relate to but the department had to be an active part of the company's business.

Lumley used several examples of techniques used by Centrica to drive home the former point. At Centrica compliance begins when a new employee comes on board; the employee is given a Compliance orientation from a Compliance Department representative just as they would a HR orientation and this is the practice for a couple of reasons. Initially, it prevents an employee from simply ticking a box that "yes, I reviewed the Code of Conduct"; it allows a new employee to receive real in-person training on the Code, learn what is expected of them as a Centrica employee and to allow for interaction on this aspect of Centrica's philosophy of compliance. Equally important is that it puts a human face on Centrica's Compliance Department from the beginning. As a result of this orientation the new employee knows both the Company's commitment to compliance and a Compliance Professional that he or she may contact if the need arises.

The last point leads into what Lumley termed a key component of the overall compliance strategy; that the Compliance department must be '*real and alive*'. The Compliance department must be available to assist all employees on compliance related matters; each employee must know that they can go to the Compliance Department and that their concerns will be addressed and responded to in a reasonable time. While Lumley did not list any metrics on response times, he believed that the Compliance Department was able to timely address the vast majority of questions and issues quickly and efficiently for the Company's workforce.

In a recent article published in the Society of Corporate Compliance and Ethics Magazine (SCCE) (Vol. 7 / No. 3), Russ Berland discussed the Organization for Economic Co-operation and Development OECD Good Practice Guidance on Internal Controls, Ethics, and Compliance. One of the factors listed speaks directly to this *real and alive* component of a compliance program, which states the following:

Companies should consider, inter alia, the following good practices for ensuring effective internal controls, ethics, and compliance programmes or measures for the purpose of preventing and detecting foreign bribery:

* * *

11. effective measures for:

- i) providing guidance and advice to directors, officers, employees, and, where appropriate, business partners, on complying with the company's ethics and compliance programme or measures, including when they need urgent advice on difficult situations in foreign jurisdictions;
- ii) internal and where possible confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employees, and, where appropriate, business partners, willing to report breaches of the law or professional standards or ethics occurring within the company, in good faith and on reasonable grounds; and
- iii) undertaking appropriate action in response to such reports.

Centrica has taken a forward step to make its Compliance Department an integral part of the company's overall business strategy. Therefore enabling its business units to better assess their compliance risks and thereby move forward conducting business in a compliant manner. The emphasis on *real and alive* helps make it accessible to all employees and this accessibility will hopefully lead to, not only, doing more and better business for the Company but may also help to prevent any compliance questions or issues from becoming compliance violations.

So ask yourself is your Compliance Department *real and alive* to the employees?

To see a video of Mr. Lumley's presentation, [click here](#).

This publication contains general information only and is based on the experiences and research of the author. The author is not, by means of this publication, rendering business, legal advice, or other professional advice or services. This publication is not a substitute for such legal advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified legal advisor. The author, his affiliates, and related entities shall not be responsible for any loss sustained by any person or entity that relies on this publication. The Author gives his permission to link, post, distribute, or reference this article for any lawful purpose, provided attribution is made to the author. The author can be reached at tfox@tfoxlaw.com.

