



# Compliance **Auditing** & **Monitoring**

*Ethiprax Associates, 2017*

# In This Review

1. **Auditing** Versus **Monitoring**
2. Compliance **Auditing** Examines & Documents
3. Compliance **Monitoring** Continually Assesses
4. Some Available Standards & Guidance
5. Additional Information

# Auditing Versus Monitoring

- **Auditing:** How Did We Do?

- A formal, resource-intensive process, often 3<sup>rd</sup> Party led
- Frequency determined by risk profile or triggered by events
- Documents state of program appropriateness, implementation, and effectiveness over a defined period
- Findings require timely corrective & preventive action
- **Report Card** of compliance program performance, indicating necessary action

- **Monitoring:** How Are We Doing?

- Business metrics examined using a compliance lens, + compliance metrics
- Same frequency as business reviews, and key actions
- Tools: dashboards, action plan reviews, project execution reviews
- Findings indicate adjustments needed, attention required
- **Feedback** that detects issues to ensure ongoing compliance

**Audit & Monitor** to detect, correct and prevent criminal activity, regulatory violations, and non-compliance with policies and procedures.

# Compliance Auditing Examines & Documents

- Compliance Program **appropriateness**
  - Was the program designed to meet regulatory & other requirements?
  - Was the program resourced with competent people who possessed the authority to execute effectively?
  - Was the program aligned with business objectives to reduce the greatest assessed risks?
- Compliance Program **implementation**
  - Has the business consistently operated with ethical behaviors?
  - Have the right people been trained and directed to ensure compliance?
  - Has the program been executed as planned?
- Compliance Program **effectiveness**
  - Is there evidence of non-compliance?
  - Are there unresolved complaints, investigations, likely government action?
  - Have there been regulatory violations, non-conformities to standards, or deviations from procedures?

# Compliance Monitoring Continually Assesses

- **Business area compliance execution**
  - Is the compliance plan integrated into business performance goals?
  - Are leaders ensuring compliance training occurs and is documented?
  - Are revenues, contracts, expense records, customer and partner agreements indicative of compliant behaviors?
- **Dashboard metrics**
  - Are compliance plan milestones achieved on time?
  - Are investigations conducted and issues resolved per policy?
  - Is the business experiencing government action? Legal action?
- **Reporting and issues resolution**
  - Are government reports being submitted as required?
  - Are complaints investigated and resolved per policy?
  - Are individuals held accountable and the organization notified to avoid similar issues?
  - Are policies and procedures being upgraded to reduce risk of non-compliance?

# Some Available Standards & Guidance

- **Auditing**
  - Public Company Accounting Oversight Board (PCAOB) Guidance
  - **2100 Audit Planning and Risk Assessment**
    - [AS 2101: Audit Planning](#)
    - [AS 2105: Consideration of Materiality in Planning and Performing an Audit](#)
    - [AS 2110: Identifying and Assessing Risks of Material Misstatement](#)
- **Monitoring**
  - [Compliance Business Integrity \(CBI\) Auditing and Monitoring Standards](#)  
[https://www.va.gov/vhapublications/ViewPublication.asp?pub\\_ID=2443](https://www.va.gov/vhapublications/ViewPublication.asp?pub_ID=2443)
  - Section h, **Monitoring**. Monitoring is defined as testing on an ongoing or daily, weekly, or quarterly basis with the objective of collecting information for compliance with policies, procedures and applicable laws. According to industry standards, internal controls and quality monitoring is the responsibility of business units actually carrying out the business activity. For instance, internal controls focused on ensuring proper and accurate insurance capture must be carried out by Insurance Identification and Verification staff.

# Additional Information

Contact us at Ethiprax Associates, LLC

[www.Ethiprax.com](http://www.Ethiprax.com)

001.510.913.0799

callen@ethiprax.com

*Thank You*

