

# 5 KEY THINGS YOUR "POLICIES POLICY" MUST HAVE

(And the One Secret to Bringing Them All Together)



## Many eyes are turning to your policies and procedures.

### Are you prepared for what they'll see?

Here's the illusion: "policies" and "procedures" are inside baseball, a game played by your company's human resources and legal teams with "rules" recorded in dusty, three-ring binders few people need to see.

Here's the reality: your policies and procedures touch every play you make, from the offers you price to the credit you extend, from the trades you conduct to the parties you hire. In effect, your policies and procedures tell operations how to operate.

Obviously, your employees need to know the rules. But how you do business is a serious concern for others too, including regulators reviewing compliance, investors protecting their assets, and colleagues considering partnerships. Most importantly, clients evaluating your products and services want to know: are you a vendor worthy of trust—or a potential liability to their businesses and their reputations?

With so much at stake, and all of it within a fluid context of changing regulations and expectations, a static library of policies (whether they are in old-fashioned binders or more modern digital repositories) isn't enough. Your "policies policy" must be dynamic, an active agent for the creation, distribution, documentation, and management of policy itself.

In *5 Key Things Your Policies Policy Must Have*, you'll find a cogent review of the most common policy challenges companies like yours face: managing the creation and approval of new policies/procedures; controlling versions to minimize confusion; certifying "read and understood" activity among employees; responding to and making changes; and tracking the inevitable exceptions and incidents you need to address.

Finally, *5 Key Things* will offer one easy approach for mastering all your policy challenges in a way that brings simplicity to your organization—and satisfaction to your stakeholders.



## For effective policy & procedure management, you need these five things...

Taking control of your policies and procedures is an on-going process with numerous steps that involve many people from different functions. **These five issues present the most oppressive obstacles to effective management.**

# 01

## Policy ownership and accountability

Policies and procedures involve a vast number of people including:

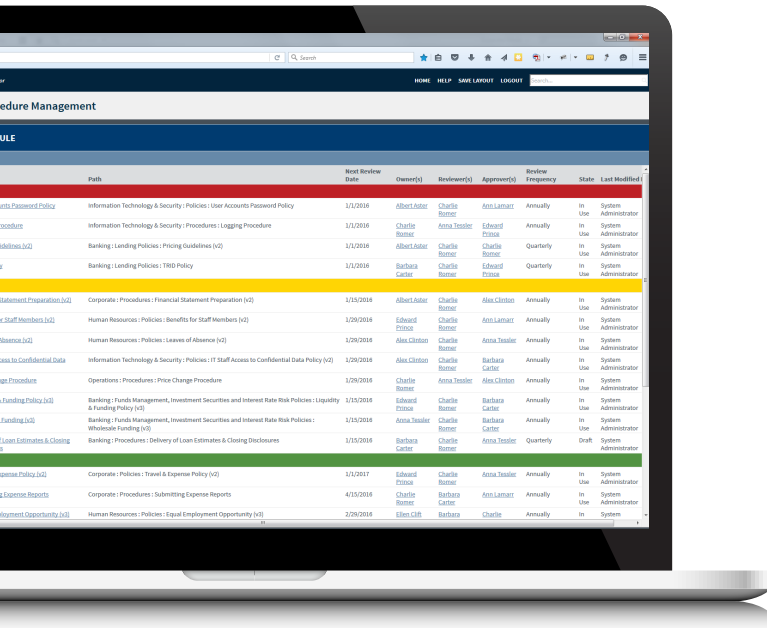
- Executives and other high-level personnel who dictate policy.
- Lines of business from a variety of functions, including operations, legal, and human resources, who own the procedures that execute the policy intent.
- Compliance officers and audit personnel who understand regulatory impact and support examinations.
- Employees that are required to understand the policy and/or be able execute the procedures that support it.

### Hazard: Too many parts

With so many players involved, it's all too easy for documents to fall through the cracks of accountability: who is the ultimate owner of a policy and who needs to be involved as policies change? Deadlines are easily missed; mistakes are commonly overlooked.

### Help: One controllable process

You need an automated process that actively tracks policy ownership through workflows you can set, modify and control, and connect policy owners with all of the people and documents that are required to maintain it.



## Real stakes in real life

In many industries, like financial services, compliance is a game with moving goal posts—the rules are constantly changing. Over time, policies get out of date; when they do, it's not so easy to remember who owns the policy, who needs to be involved, and who's responsible for approvals. People come and go. When you embed the routes and workflows in one system, you build accountability that lasts.

# 02

## Single source of the truth

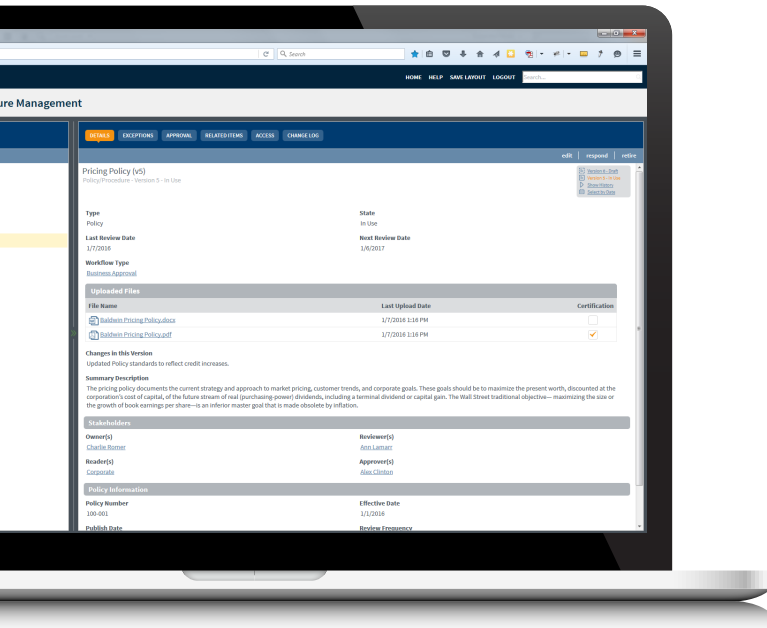
Over time, policies and procedures change, resulting in multiple versions that may share the same, or similar, names. Without a means for clarifying versions by effective date, last review date, publish date, and change date, confusion can undermine compliance.

### Hazard: What's in force, when?

There are two risks to consider. The first is that personnel may be accessing outdated documents, unaware that they are not conforming to the latest, in-force policy/procedure. Second, a retrospective review of employee behavior (in response to a regulator request, for example, or a legal action) requires you to know which version applied at the time in question.

### Help: Auditable date/time stamping

Effective policy processes assign dates/times to approvals. With this information tagged to each document, you can ensure that all personnel access the most current, applicable policy and procedure. Further, stamping creates an audit trail that confirms which policies were in force at what dates, clarifying the historical record of compliance.



## Real stakes in real life

Future problems may force you to find exonerating evidence in the past. Consider a lender under an exam regarding Home Mortgage Disclosure Act (HMDA) data. Using a single source of truth, the firm could look backward to prove that they were exempt from collecting data for 2014 because they fell under the stated asset size of \$43 million. At the time in question, their policies were up to date and their actions were defensible, which could ultimately save the firm millions of dollars in fines.

# 03

## “Read and understood” certifications

It’s one thing to write a policy; it’s a whole other level of effort to distribute these policies and document that they have been read and understood by the people they govern. “Certification” works both ends of this obligation, ensuring that all the relevant policies/procedures go to the applicable parties, and documenting that the policies have been read and understood by those same parties.

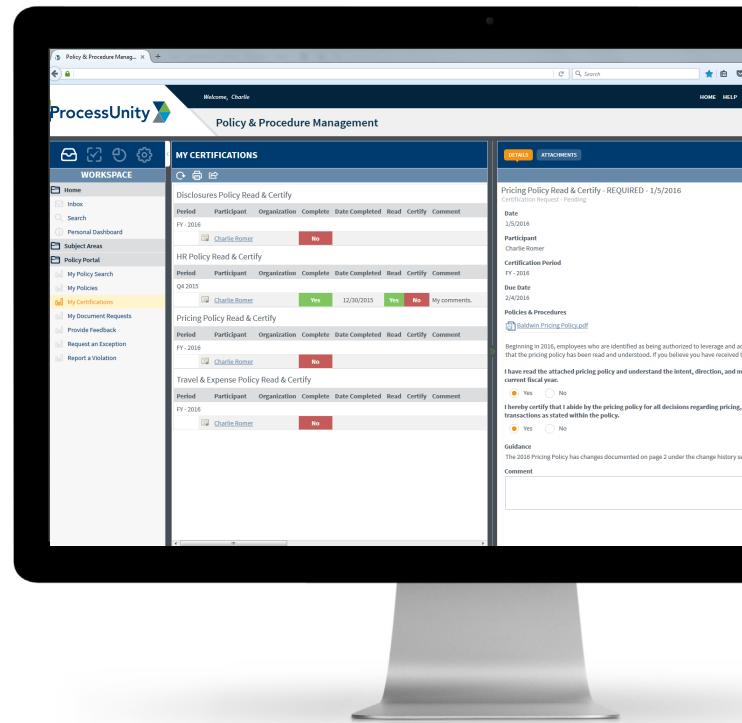
### Hazard: Poor distribution and weak proof

Static policy/procedure libraries have no means for actively distributing their contents to the people required to read them. Worse, documenting that they have been read and understood remains a manual process with weak controls for compliance.

### Help: Push-tools and reports

A dynamic, digitized policy system covers you both ways:

1. Through distribution lists the company can edit, policies can be distributed instantly to all applicable parties.
2. Online workflow authentication and submission tools, accompanied with date/time stamps, create “read and understood” records that are compiled in reports delivered to managers; additional alerts remind parties and managers of certifications that remain incomplete.



## Real stakes in real life

You’ve crafted the right policy. But do your employees know the policy? More importantly, can you prove that they do? Suppose you change your customer support policy. When you automate distribution and certification, all customer-facing employees get the new policy—and the company gets tracking, against pre-defined due dates, that ensures the policy has been read and understood by everyone it applies to. Should a challenge arise in the future, no employee can claim ignorance; you have the certification at your fingertips.

# 04

## Visibility into regulatory impact

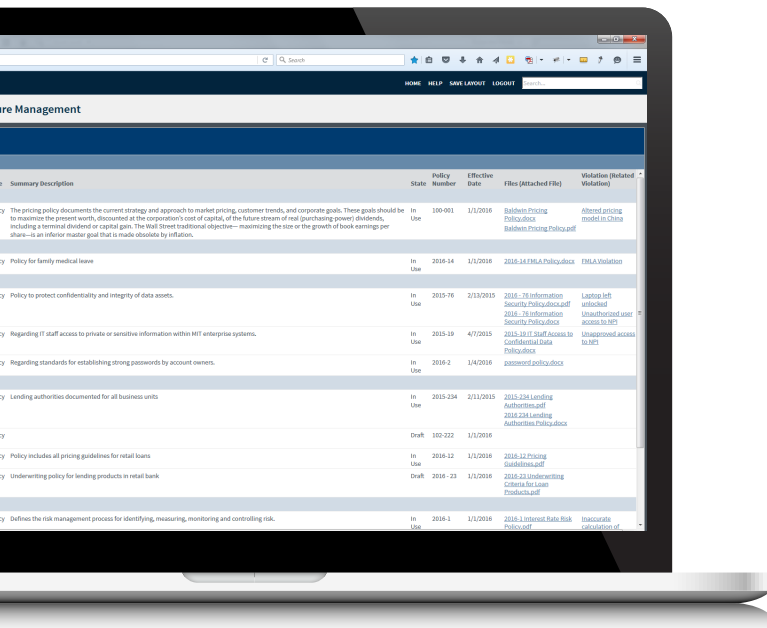
Changing regulations, market conditions, and business models demand comparable changes to policy. In any large organization, the volume of changes may quickly overwhelm manual efforts to keep pace.

### Hazard: Missed policies, missed reviews

When regulations change, it may not be clear which policies may be effected—and require review or potential rewriting. While periodic assessments, including annual reviews, are a good practice, implementation may be impeded by weak logistics, that is, a clear understanding of who is responsible for which reviews at what times.

### Help: Regulatory links, review alerts

On an electronic platform, policies can be linked to their related regulations; any subsequent search for a regulation can summon all of your company's relevant policies/procedures for review. For periodic reviews, you can apply rules that establish timetables, assign reviewers, and push communications to alert managers and document review completion.



## Real stakes in real life

Here's a common and likely scenario: Changes occur in FINRA Rule 2210 regarding public communication, forcing the policy compliance team to assess its impact. This requires searching for all applicable policies, reviewing the nature of the change against the policy's intent, and potentially modifying the policy or procedures to reflect new guidance. If the change is significant, controls may be applied to ensure effective implementation of the change. Linking regulations to policies, and policies to ownership workflows, makes the entire process faster, easier and more accountable.

# 05

## Exception and violation management

Perhaps rules are not made to be broken, but whether by intent or accident, for good reasons or bad, rules are violated. To get a stronger handle on your operations, and to assure regulators of your good faith efforts, you need to document the exceptions to your rules and why they were granted, and record the efforts you've made to address illicit violations.

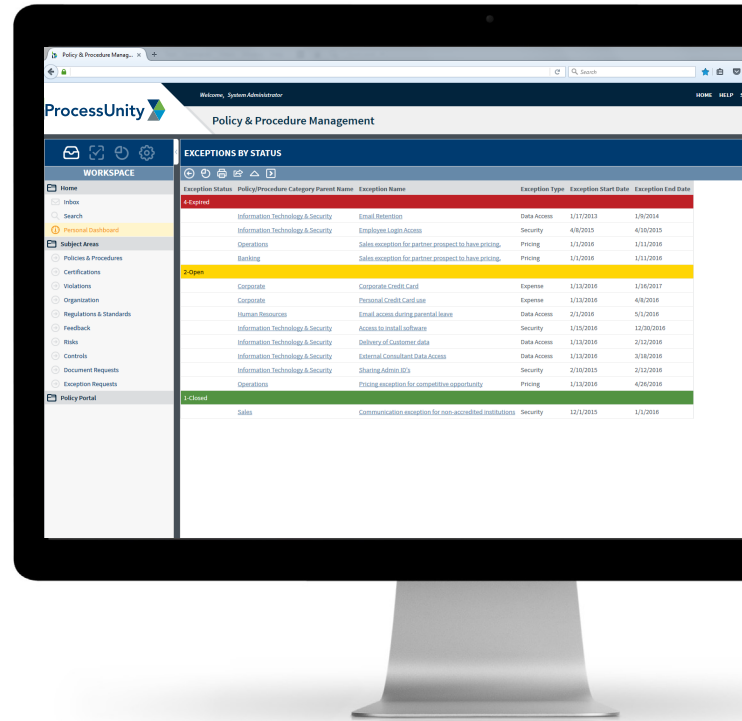
### Hazards: What are the reasons, what are the results?

You don't want exceptions to appear arbitrary, nor violations ignored. But passive policy libraries have no means for documenting either your reasons or your actions, creating an apparent disconnect between your principles and your practices.

### Help: Record who, what, why and when

When you connect your policies and procedures to documents that track and record exceptions and issues, you create both a means for more effective management, and solid evidence that demonstrates your efforts to confront and correct violations. Your policy platform should include:


- A record of who was granted an exception to a policy, why and when that exception was made, and who approved it.
- Dashboards that record issues and assignments to responsible parties; document actions taken; and, compile activity into reports for managers and regulators.



## Real stakes in real life

Sometimes people have legitimate reasons for bending a rule. Let's say a partner wants an exception to your "Information Security Policy" to access loan information that would help them analyze loan history. If this were provided without formal approval, the firm could be exposed to a policy violation. But if the request was routed for review, controls were developed, and the exception was granted for a period of 30 days, the firm will have created an audit trail that covers its compliance obligations.





**Fortunately, there is one  
simple ring that carries  
all five keys:**

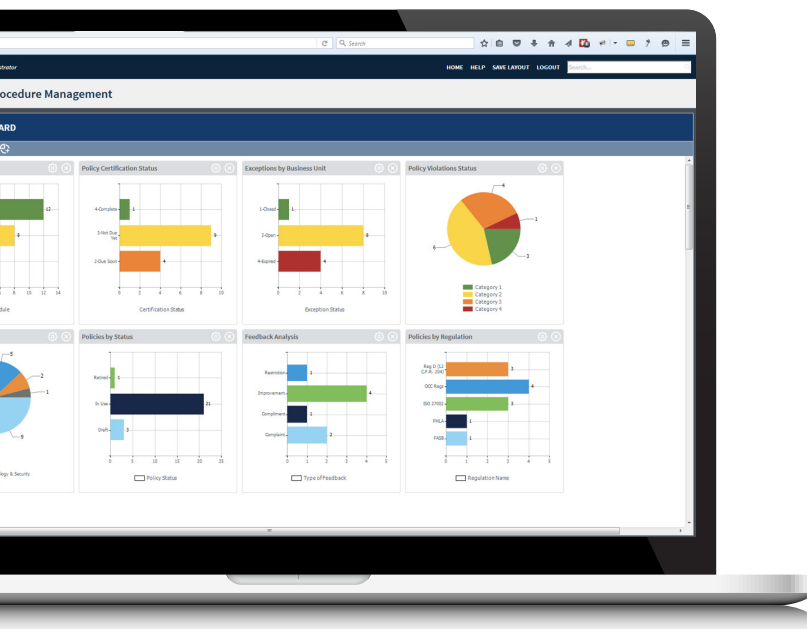
**Policy & Procedure  
Management from  
ProcessUnity**

The challenges outlined in this paper are not new. For years, even decades, enterprises have managed policy workflows, versions, certifications, changes and exceptions/incidents with manual tools and, more recently, passive document libraries.

But as the body of regulations grow, as changes become more urgent, and as the number of interested stakeholders expands, static repositories are no longer minor annoyances, but a major cause for disruption.

To meet the challenge, ProcessUnity offers a Policy & Procedure Management solution, enabled by the cloud, that provides the functions and flexibility modern business needs. Leveraging intelligence acquired through years of building and maintaining risk management and product inventory tools for complex enterprises, Policy & Procedure Management from ProcessUnity gives you one convenient platform for controlling

- Policy/procedure ownership from initial request through review and approvals
- Version management that uses date/stamp technology to surface in-force policies, and provide an audit trail of previous activity
- Automated certification the distributes policies to applicable personnel, and captures evidence of the "read and understood" compliance
- Change management tools linking policies to regulations, that create alerts for reviews and assessments
- Exception and issue monitoring that documents the who, what, why and when of exceptions and violations.



## Make simplicity your policy

See how Policy & Procedure Management from ProcessUnity replaces ad hoc manual processes with comprehensive, centralized controls. Learn more on our [web site](#) or request a [live product demonstration](#).

Personal dashboards provide administrators with a complete view for Policy & Procedure Management.



# ProcessUnity



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



[info@processunity.com](mailto:info@processunity.com)



978.451.7655



Twitter: @processunity  
LinkedIn: ProcessUnity



ProcessUnity  
33 Bradford Street  
Concord, MA 01742  
United States