



Integrated Compliance: Always Audit Ready



Introduction

Many things keep business leaders awake at night. Declining profits. Changing market conditions. Retaining talent in a competitive environment. But one of the biggest and most persistent is fear that their organization is not complying with all applicable laws and regulations.

No industry, no company is immune to the dictates of legal compliance. It might take different forms and involve different potential penalties, but every business must make compliance one of its highest priorities to ensure that its operations continue smoothly.

The burden and complexity of compliance is growing, and the repercussions for failing to comply fully with laws and rules are damaging and far-reaching. Many regulations apply to companies regardless of industry, such as data privacy, safety and work rules, while others are specific to an industry. Non-compliance in highly regulated industries, like healthcare, finance or manufacturing, can result in significant, sometimes catastrophic business disruption. Add the layer of geographic-specific regulations and multinational employers face an even greater risk-management challenge.

Organizations must address compliance aggressively and proactively to manage risk and avoid major surprises. Today's dynamic regulatory environment can be daunting, especially in highly regulated industries with complex rules, internal policies and processes. Human resource (HR) and compliance managers need to keep up with new laws and changing regulations, ensure the workforce is trained, and verify that all compliance rules are enforced.

For example, the recently enacted U.S. Affordable Care Act (ACA) has put compliance front and center for U.S. businesses, insurance companies and healthcare institutions. The ACA is a set of regulations that outline requirements for employee health-insurance coverage. The law was designed to roll out incrementally over the course of four to five years, beginning in 2010. Some deadlines have been delayed and additional provisions may be added or modified over the course of the rollout. Organizations must be prepared for, adjust to, implement, and enforce these changes.

The ACA is just one example of the many complex regulations with which every organization must comply. Simply put, compliance is difficult even for organizations that work carefully to prepare for and be in alignment with all applicable rules and regulations.

Pay now or pay later

Most organizations take risk management seriously, but budgets are tight. With competing demands for limited resources, organizations are careful about where they allocate funds and make hard choices. Some choose to delay investing in compliance solutions and keep things “status quo” for another year or two. The spreadsheets and disconnected systems have worked so far, haven't they?

Your existing systems may be “working,” but can you say with confidence that your organization is compliance audit ready today? Can your existing audit readiness grow with your business and support tomorrow's initiatives such as globalization, adding new services or product lines, vertical expansion or corporate reorganization? You may have trained your employees, but are you sure that they are acting on that training correctly and that all compliance rules are enforced? If you were audited tomorrow, would you be able to demonstrate that enforcement with accurate, up-to-date records?

Delaying an investment may save some money today, but it could cost significantly more in terms of fines, operational costs, and loss of reputation and customer loyalty later. Delaying action can result in:

- Unwanted surprises in the form of audits, investigations, fines, and even potential criminal charges
- Business disruption through suspension of operations, inability to fulfill contractual commitments, and redirecting efforts to implement process changes imposed by regulators
- Damage to corporate reputation that hurts sales and brand value
- Loss of productivity and talented employees
- Indirect costs of manual processes (e.g. monitoring and reporting required certification training, ensuring proper alignment of qualified staff with specific roles, tracking continuing education (CE) credits)

Embracing a comprehensive approach to compliance sooner rather than later reduces risk and provides valuable benefits:

- Talented employees stay and are more productive in compliant organizations
- Customers are more loyal to and satisfied with companies that do the right thing
- Revenue is protected when organizations lower operational costs and reduce or eliminate the possibility of fines, legal costs, business disruption, and negative publicity
- A strong corporate brand attracts customers and reduces opportunity cost

The longer you delay planning for and managing compliance effectively, the greater the risk of significant penalties, damage to your company brand and disengaged employees.

Are You Audit Ready?

- Employment lawsuits have increased by more than 400% in the past 14 years
- The average compensatory award in federal employment cases is approaching \$500,000
- About half of businesses lack confidence that they will be able to keep up with constantly changing human resources laws (HR) and regulations
- More than two-thirds of organizations admit that they have been caught off guard by an operational issue

Your people + information + the right technology

The people at every level of your the organization will ultimately determine the success of your compliance strategy and programs:

- Executive leaders must demonstrate and communicate the value and necessity of ethics and compliance
- Managers must reinforce compliance, provide the right training and tools, and be held accountable for the compliant behavior of their teams
- And the entire workforce must be trained, engaged, and up-to-date on laws, regulations, certifications, and licenses

But your people can't do it alone of course – even with the best intentions. They need convenient access to easy-to-use solutions, just-in-time training, and actionable analytics that identify risks and recommend next steps to mitigate those risks. An organization must demonstrate that employees are qualified and trained for their job and have records to show that those qualifications were valid each time they performed those duties. Relying on outdated systems and spreadsheets, combined with manual oversight and intervention just won't work anymore.

Successful organizations have moved beyond disconnected, manual systems to a comprehensive, integrated approach to compliance management. This holistic strategy aligns people, information, processes, and technology to achieve consistent compliance readiness.

What to look for in compliance-ready HR solutions

Maintaining compliance today requires an organizational culture that values and enforces compliant behavior, a comprehensive and holistic approach to risk management, and compliance-ready human resource and workforce solutions. Training is the foundation of every compliance program and so is a compliance-ready learning management system (LMS). A comprehensive workforce management solution (WFM) is recommended to enforce complex regulatory, corporate, and operational compliance, measure training impact on operational performance, and ensure only qualified people perform specific duties. Integrated data and analytics solutions are needed to track and report compliance status in the past, provide real time information to react quickly in the present, and in-depth analysis to guide planning for the future.

To proactively manage compliance and help your organization become “always audit ready” compliance information, training, work management and tracking should be integrated into the systems your people use every day.

Compliance-ready HR solutions provide:

An excellent user experience

To get real value out of any technology or solution, your people must see the benefit of using the solution. When they do, they become engaged, active participants who use the solution not because they have to, but because they want to. Look for HR solutions that provide an intuitive and flexible interface; offer personalization based on the unique characteristics of the individual; are configurable to meet local language and branding needs; and deliver information and training in the context of your users’ daily workflow. The more your employees are engaged and invested in your compliance solutions, the greater the impact on corporate compliance adherence, productivity and the bottom line.

Learning that is integrated into your workers’ daily lives

Managing compliance is an ongoing effort, and training is essential to every compliance program. Most organizations have some form of an LMS to deliver training but the only way to access that training is to sign into the LMS. That limited access means your people must interrupt their daily workflow to participate in training or access information. Learning becomes one more thing that must be scheduled or somehow fit into an already busy day. The result is low usage, untrained employees and missed deadlines. A better approach is to integrate learning into the daily lives of your people, not locking it away in an LMS silo. A compliance-ready LMS removes the silo and integrates with the applications your people use every day, such as your customer relationship management (CRM) system, to deliver compliance information and training when and where people are already working.

Just-in-time compliance training

Rules, laws, regulations, product specifications, policies and procedures are always evolving. Relying on annual training or removing employees from their duties for long periods of time to complete training isn’t practical and increases risk. By automatically assigning time-sensitive compliance training and delivering it at the point of need — before deadlines are missed — employees can complete mandated activities without disruption or extensive downtime.

Reduced administrative burden and cost

Automation is the key to reducing the administrative costs and potential errors of resource-heavy manual processes. Look for solutions that provide complete rule configuration to align with and automate your processes. No solution will fit perfectly right out of the box, but compliance-ready HR solutions provide flexible rule configuration to match your unique processes and compliance needs. Avoid solutions that force you to adjust your processes to match the system, or require expensive customizations that may work great at first, but make future maintenance and upgrading costly and difficult.

Configurable rules will allow you to automate most of the resource-heavy administrative work. This significantly reduces costs and ensures that critical time-sensitive information doesn't fall through the cracks. Proactive alerts and reminders of upcoming renewals, accreditations, and recertification dates mean fewer missed deadlines. Automating labor-intensive compliance activities, such as tracking continuing education credits or managing ongoing, multiyear licensing and certification requirements, results in more accurate data and reduces or redirects head count. Scheduling, enforcing mandated leave and downtime, and ensuring safety compliance is simplified. Managers can easily schedule "best fit, least cost" employees, reduce payroll errors and guard against time off or overtime abuse.

Compliance enforcement through increased visibility

Reports give you data and information on what happened in the past. Knowing that at some point your organization was out of compliance will help prevent future incidents, but the damage has already been done and the risk of failing an audit is now higher. Your organization needs real-time information take immediate corrective action to prevent or quickly address problems. Integrated compliance-ready workforce management and learning solutions provide executives, business unit leaders, and line managers with ongoing compliance status at the individual, team, business unit or global level. With compliance dashboards, proactive notifications, and alerts, risk can be identified and mitigated, in real time, before an incident occurs.

Data management and audit preparation

To successfully pass a compliance audit, your organization must provide data that proves every employee was properly trained for the duties they performed, all licenses and certifications were valid, and compliance measures were in place and enforced – at any given time in the past. Responding quickly to audit requests is a huge challenge when the data you need is housed in a variety of systems and formats. Reporting and analytics can be burdensome, complicated, and quite possibly incorrect. The right compliance solution will work with your existing systems to provide a comprehensive view of your workforce regardless of how many data sources you have. The resulting single source of truth will provide accurate and consistent reporting, real-time compliance information and audit trails to demonstrate continuous compliance enforcement. A robust analytics engine also facilitates audit preparation and enables organizations to routinely perform internal self-audits to identify potential risk and take action.

Proactive compliance is simply good business

Smart business leaders recognize that an investment in compliance programs and technologies represents an opportunity to eliminate the hidden costs of disconnected systems and manual methods, and greatly reduce instances of non-compliance.

It's impossible to be prepared for everything; even the best companies face the ramifications of mistakes made by a small number of workers. But implementing integrated, compliance-ready solutions for learning-, workforce-, and talent-management solutions will significantly increase corporate awareness and compliant behavior, and minimize risk, costs, business disruption and public relation disasters.

And that will help business leaders sleep better at night.

About SumTotal

[SumTotal Systems](#), LLC, a Skillsoft company and a leading provider of integrated HR solutions, is increasing the performance of some of the world's most successful organizations, including AstraZeneca (NYSE: AZN [ADR]; London: AZN), Amway (KUL: AMWAY), and Seagate (NYSE: STX). SumTotal's people-focused Talent Expansion® applications, available on premise and in the Cloud, enable contextual, just-in-time development designed to help organizations discover, develop and unleash the hidden potential within their workforce and business ecosystem. Today, more than 3,500 organizations, including several of Fortune's "Best Places to Work," rely on SumTotal's award winning solutions to empower their employees. Visit the [SumTotal Blog](#) or follow @SumTotalSystems at twitter.com/sumtotalsystems and on Facebook at facebook.com/SumTotal.Systems for more learning and talent management tips and perspectives.



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