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ISO 19600 - Compliance Management Systems

A Commentary for Practitioners

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from
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Editors' Preface

Compliance, as defined in the International Standard ISO 19600:2014 – Compliance management systems, means meeting all the organization's compliance obligations. Accordingly, a compliant organization, living and acting through its directors, managers and employees, knows its obligations and attempts to honour them. One would believe that this process should be simple and straightforward. However, in practice, all organizations face difficult challenges when it comes to meeting all their obligations. And the organizations that are suspected of not meeting them are increasingly at risk of facing merciless public criticism and/or strict government enforcement.

Although human beings generally respect rules and act with integrity, they can also violate obligations, whether knowingly or unknowingly, and cause material risk and damage to their organizations. ISO 19600, which was created by a global committee of experts, many of whom have contributed to this commentary, provides guidance to all organizations as regards a systematic and effective compliance management. The International Standard sets out the crucial importance of leadership, ethical values and culture for a compliant organization and provides a best practice, state of the art structural and procedural framework for the design, implementation, maintenance, review and continual improvement of an effective compliance management system. Organizations which do not yet have a compliance management system in place or which want to take their compliance management to the next level are encouraged to use the International Standard as guidance for a planned, well-structured, transparent and cost-effective approach to meeting all their obligations. Employing the International Standard and diligently managing compliance will pay-off in terms of more effective compliance risk management and, by way of example, a competitive advantage as a supplier of services or goods to multinationals and governments or enhanced appeal as an employer of bright and trustworthy people. Finally, enforcement agencies will more and more want to know in detail how an organization manages compliance and they will not want to understand how exactly a company reinvented the wheel but what accepted standard was applied. Reasons enough for all organizations to employ ISO 19600:2014 and act as good "corporate" citizen or good managed government meeting all their compliance obligations.

We would like to seize this opportunity to sincerely thank Mr Stefano Lappe, junior associate at LALIVE, and Ms Safer-Eckert, Editor Print at LexisNexis, for their outstanding support which ultimately made it possible to pull all strings together and give life to this commentary.

Daniel Lucien Bühr
Alexander Petsche
Martin Tolar

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Abbreviations

AMO	Ability-motivation-opportunity
Annex SL	previously ISO Guide 83
AS	Auditing Standards
AS/NZS	Australian/New Zealand Standard
Cf	compare further
CEO	Chief Executive Officer
CMS	Compliance Management System
COSO	Committee of Sponsoring Organizations
ECS	Ethics and Compliance Switzerland
eg	example given
etc	et cetera
EU	European Union
FCPA	Foreign Corrupt Practices Act
FSG	Federal Sentencing Guidelines
GRC Institute	Governance, Risk & Compliance Institute
HLS	High Level Structure
HR	Human Resources
HRM	Human Resources Management
ie	id est
ICC	International Chamber of Commerce
ICS	Internal Control System
IDW	Institute of Public Auditors in Germany [*Institut der Wirtschaftsprüfer in Deutschland*]
IEC	International Electrotechnical Commission
ISO	International Organization for Standardization
KPI	Key Performance Indicators
Nr	number
OECD	Organisation for Economic Co-operation and Development
ONR	ON-Rule
p	page
PDCA	Plan-Do-Check-Act
SEC	Securities & Exchange Commission
S.M.A.R.T.	Specific, Measurable, Achievable (Attainable), Realistic and Timely
SME	Small and Medium Enterprises

SOA	Sarbanes-Oaxley Act
SWOT	Strengths, Weaknesses, Opportunities, Threats
UK	United Kingdom
USA	United States of America
USSC	United States Sentencing Commission
USD	United States Dollar

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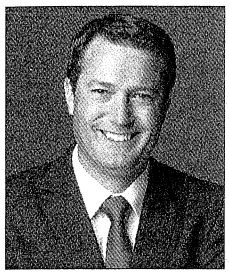
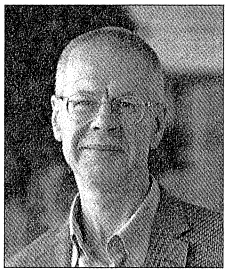
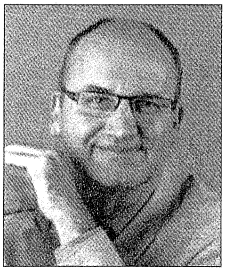


Dr. Daniel Lucien Bühr, MBA is partner at LALIVE Attorneys at Law, Geneva/Zurich/Doha. He advises and represents clients in domestic and international internal and external regulatory and criminal investigations and regularly reviews corporate risk and compliance management systems. Daniel Bühr is a frequent speaker on best practice risk and compliance management and co-founded „Ethics and Compliance Switzerland" (ECS), an independent not for profit association which promotes ethical leadership and organisational integrity in all organisations. Until 2011 he held different legal and compliance positions in-house.

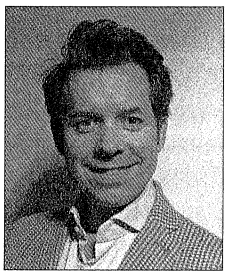
Sabine Fritz, MA currently serves as chairman of the Austrian Compliance Officer Association (ÖCOV), which counts more than 200 members from various industries dealing with Compliance since its foundation in 2013. Currently she works for Mercedes-Benz Österreich GmbH in the Legal & Compliance department and was a compliance manager at Novomatic AG responsible for implementing the group-wide Compliance management system. Moreover she is member of the expert committee 265 „Compliance Systems" of the Austrian Standards Institutes and was part of the Austrian Delegation during the development of ISO 19600:2014 as well as she participated in the preparation of the ONR 192050.



Dick Hortensius works as senior standardization consultant in the field of management systems for NEN, the Dutch Standards Body. He has a long time experience in managing standards development processes at national and international level. He has contributed to a wide variety of management system and related standards, such as ISO 14001 (environment), ISO 31000 (risk), ISO 19600 (compliance) and ISO 19011(auditing). He is author on a number of practical implementation guides and numerous articles in this field. For NEN he provides also a number of trainings and he is a frequent speaker on management standards related topics.



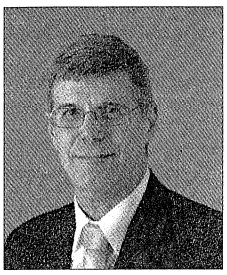
Dr. Peter Jonas was born and raised in Vienna, Austria. After graduating from high school, he went on to study physics at Vienna University of Technology. Having worked as scientist Peter Jonas left University and joined the Austrian Standards Institute in the year 1994.
He has been dealing with Compliance Management Systems and certification of these systems for 4 years and has been member of the Austrian delegation to ISO PC 271, the responsible ISO committee for ISO 19600.
Dr. Peter Jonas currently holds the position „Director Certification", heading the certification body of Austrian Standards.



Prof. Dr. Bartosz Makowicz is university professor at the Faculty of Law, European-University Viadrina in Frankfurt (O.), Germany. He is co-founder of Viadrina Compliance Center which is an interdisciplinary research center and a compliance think-tank. He is a member of Academic Advisory Council of many compliance associations and journals like the Professional Association of Compliance Manager. Furthermore, Bartosz is author of numerous publications on compliance and editor in chief of the German journal „COMPLY." He gave more than 100 speeches on different compliance topics during national and international conferences and congresses.

Philippe Montigny is CEO of ETHIC Intelligence, a leading certification agency specializing on company anti-corruption compliance programs since 2006. Philippe has over 20 years' experience in anti-corruption compliance, beginning at the Office of the OECD Secretary-General where he followed the ministerial negotiations that led to the OECD Anti-Corruption Convention. He participated to the preparation of the ISO 19600 on Compliance and ISO 37001 on Anti Bribery Management system and served as ISO liaison officer between the two working groups.

Dr. Barbara Neiger, MA, MBA is lead auditor academic lecturer, regular international speaker and independent advisor for compliance/anti-corruption management systems and managing partner and co-founder of the International Anti-Corruption Resource Group. Previously, she worked for over 20 years in executive and chief executive positions for international finance groups in the banking sector in Central and Eastern Europe. She is a certified compliance officer, ICF certified coach and holds a fellow membership of the International Compliance Association. Neiger was a member of the ISO Committee for Compliance Management Systems and is head of delegation for ISO Anti-bribery management systems.

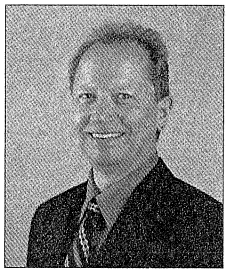


Michael Parkinson is an internal auditor and risk management consultant in private practice. He has more than 30 years' experience in a range of government and non-government environments. He has been active in the development of risk management and internal auditing standards and guidance for more than ten years. Michael has practiced in Australia and South East Asia and currently serves on a number of Audit and Risk Management Committees.

DDr. Alexander Petsche, MAE S is partner at Baker & McKenzie in Vienna. His main areas are compliance, white-collar crime and internal investigations. He is the editor of „Compliance Handbuch" and editor-in-chief of the journal „Compliance Praxis" (both LexisNexis).

Kellie Powell has over 14 years' experience in compliance and risk, mainly in the retail industry and also in financial services. Kellie has worked for the biggest Australian retailer and bank as a Compliance Risk Management Framework specialist and has developed compliance programs for retailers of various sizes. Kellie has a unique systems and process approach to Compliance and Risk and holds a Bachelor of Commerce, Master of Information Systems and a Graduate Certificate in Commercial Law and Compliance Management; and is also a Certified Compliance Professional with the GRC Institute in Australia.

Martin Tolar is the Australian & New Zealand General Manager for the Red Flag group and is the former Managing Director of the GRC Institute, a position he held for almost 10 years. During that time he was chair of the ISO committee that developed ISO 19600. He has also given numerous presentations on compliance, risk management and anti-bribery in Australia, New Zealand, Asia and the United States. Martin has also appeared before numerous government inquiries and is a former chair of the International Federation of Compliance Associations. Martin was also the Australian Head of Delegation and Chair of the Australian committee that was responsible for publishing ISO 37001, the new international standard on Anti-Bribery.



Robert Volkman is President at JEDROC Consulting Services Ltd., located in Ladysmith, British Columbia, Canada. He advises clients in North America and Europe on internal and external regulatory compliance. He frequently works with organizations to establish regulatory compliance frameworks with direct links to operational practices including the development of compliance protocols and risk matrices. Robert Volkman conducts audits of management systems with a focus on regulatory compliance in the fields of health and safety, and environment. He volunteers his time in ISO Standards development: Compliance, Risk Management, Occupational Health and Safety, Anti-Bribery, and Climate Change.

Sources:

Bühr: Philipp Böni

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