

Chapter 1: Compliance Framework

14/9/23
compliance applicable with functional heads.

Compliance monitoring

Primary ownership
Secondary ownership

Responsible for compliance
Supervise the compliance

Legal team will give guidance to functional Head.

It's necessary for him to be familiar with the business model.

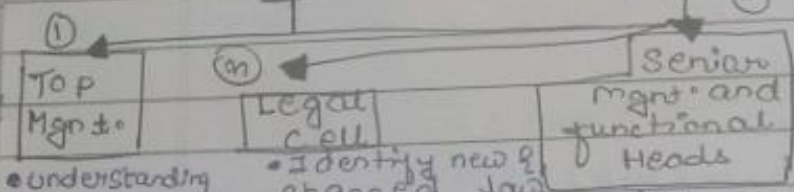
- Performing compliance obligation
- Understanding compliance obligation
- Risk identification
- Conflict intimation

Compliance officer / sub-ordinate staff

Risk Assessment
In the RA result of inherent risk which is critical, High, Medium, low

High-level Risk Assessment

Detailed Risk Assessment



Understanding compliance obligation and recent changes

Identify new & changed law
communication in writing to compliance owner

Analysis and research on regulatory changes

Non compliance approach heavy penalties

Approval of Policy & Procedures

Resolution of doubt in decisions
Periodical review & Review of system & Policies & Procedures

Formation of policy & Procedure

Not only medium

Motivating to do compliance on time

Motivating & guiding compliance officer

Motivating & guiding compliance officer

also build good corporate image

next page 47 P. 48

Tracking compliance chart (Gantt)

corporate image

COMPLIANCE REPORTING

1. F/H should be identified
2. Prepare report on basis of info. received from dept. send to CE or MD. MD after taking input CE send to Board.

1. Compliance Dashboard

2. Policies & Procedure

3. Access to rules Reg.

used to see performance of co. with regards to non compliance

Policies & Procedures can be designed properly with updated law

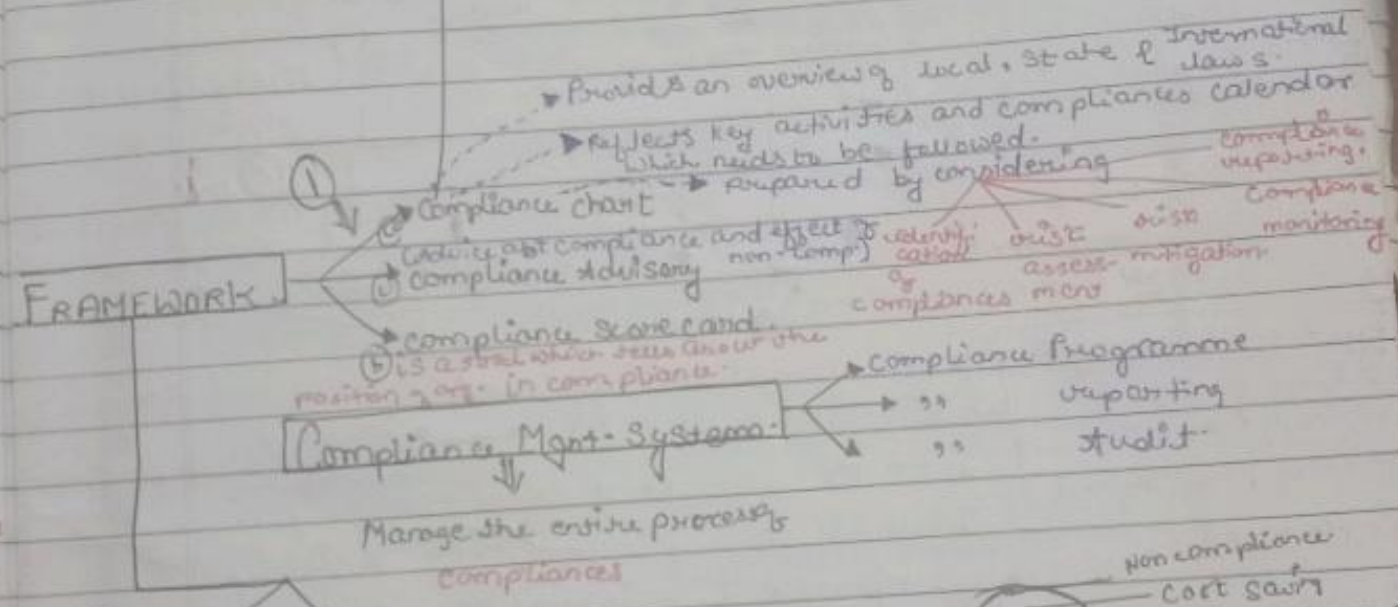
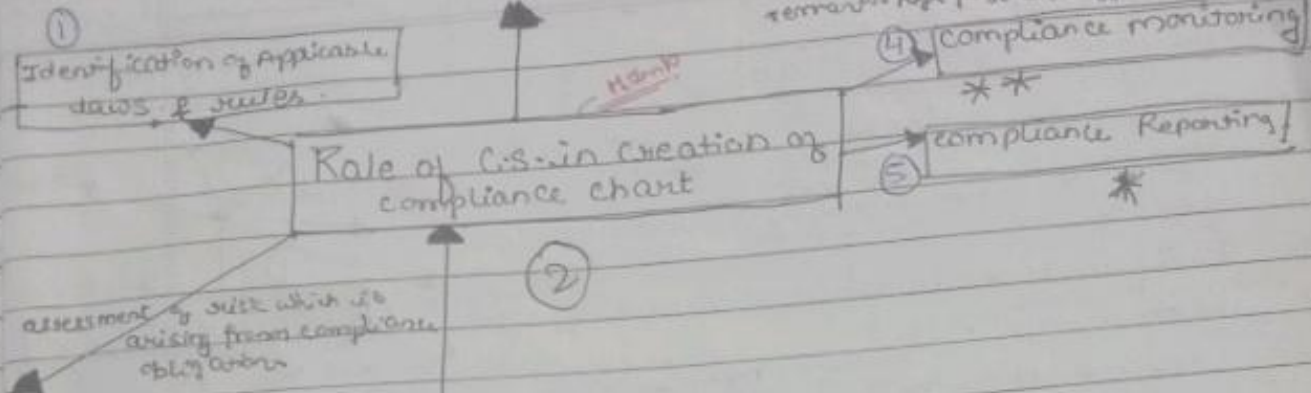
External auditor, internal auditors used the to take decisions.

Dep. should be of info. change in law

is the process of developing & implementing controls such as policies, procedures, standards, etc. → Risk of Non-Compliance

- Cessation of Business Activities
- Civil Action
- Punitive Action resulting in fines
- Imprisonment of company officials
- Attachment of bank a/c
- Removal of post and contracts

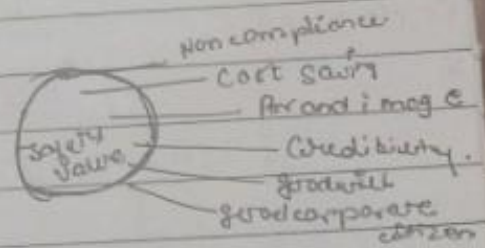
14/9/23



4) A well designed compliance framework has advantages to pay comm. functions

* Advantages:

3) What's significant of Corporate Compliance Mgmt.



Creates safety value against non-compliances. Cost savings by avoiding penalties/fines. Brand image develop in the market.

Compliance Training. Provide training to employees to mitigate risk.

5) Compliance audit. Audit is conducted from time to time ensure company is doing compliances.

Enhance Credibility/worthiness. Creates goodwill among the SHS / stakeholders & investors. Recognition as good corporate citizen.

ACRONYMS - Ratna Aa Gya To Direct Dashboard Pass. policy & procedure.

The compliance mgmt system depend on the following factors:

- Whether the audit function is independent depending on audit committee
- Whether whistle blowing policy & code of conduct exist?
- Whether the audit function is independent?
- Whether the responsibilities of Senior mgmt is defined?
- Whether the area of responsibility & segregation of duties exist?

Secretarial Audit & Compliance mgmt system.

- A Nature of Business
- B Geographical Domain
- C Size of co.
- D Jurisdiction in which it operates
- E Listed or not?
- F Reg. Authority
- G Nature of co.

Internal audit & financial integrity

Legal compliance framework

Business ethics framework

Whether IS documented and health to be checked.

Whether IS fraud risk mgmt.

Whether key controls to mitigate risk are identified.

Risk Profiling

Compliance

AS certifying Corporate Compliance framework.

Role of CS in Compliance mgmt.

- Are you aware of all imp. laws which apply on the org?
- How do you track legal non-compliance?
- Are you confident while signing legal compliance report?

Does an org. have a compliance officer?

Who track legal cases?

Provide advice on compliance

Success, Responsibility

Guides the Board in all matters.

Business Continuity:-

Whether business continuity plan & disaster recovery plan defined

Implemented?

He's compliance officer / manager of the co.

He ensure that co. is in total compliance.

Corporate Disclosure has to be disclosed in these

STATUTORY Non-specific.

Non-statutory specific.

Continuous disc.

CS is responsible who guide the board and co. in all matters.

AS PER LODR Regn.

CS Ensure that these disclosures are made in true letter & spirit.

Risk Profiling keywords:

- Business Risk mgmt
- Fraud
- Legal compliance framework
- Business ethics
- Succession planning
- Business continuity
- Internal audit & financial integrity.

Co. framework

Roles & Responsibilities

Outlined in the policies

Critical & high compliance obligation

Process for Addressing compliance issues

Considered as a failure

Are in line with spirit and intent of laws

Absolute compliances

Compliance in letter without getting into spirit of law

Adequate compliances

Compliance in letter

Apparent compliances

The compliances generally fall in 3 categories:

- Apparent
- Adequate
- Absolute

Companies are expected to comply with regulatory req. in true letter and spirit + intention.

Te. it's complied in letter without getting into the spirit of law (Eg- CSR)

apparent comp are superficial which seems to be followed actually not TRUE

Framework TOPICS

Compliance Audit

Compliance Risk - Review & updation.

Regulatory

Propriety observation

The plan for monitoring the compliance risk should be documented, reviewed and updated timely.

Adherence to relevant rules, reg. laws which is applicable on the co.

Principles & ethical conduct of public officials

It should include:

- Critical & High compliance Risk
- Key compliance risk on mitigation activities.

Risk Assessment (Survey of CO'S ethics, culture is validated)

- Routine business Transactions
- compliance with laws, included in char

Program Design (used to Access compliance programme) Policies & Procedure (keep updating the policies)

Training And Implementation

Why? Understanding of

What? include?

- Ongoing self Assessment
- Em statement that provides internal & external compliance obligation
- Business Process linked
- Description of Training
- Frequency of Training
- Target Audience

to meet comp law obli. gation.

5

* Compliance Reporting :- All the compliances & non-compliances should be reported to the concerned authority for taking the action to reduce the compliance risk.

⇒ Procedures for compliances Reporting are as follows

1. Firstly, functional heads (FH) should be identified for reporting of various laws.

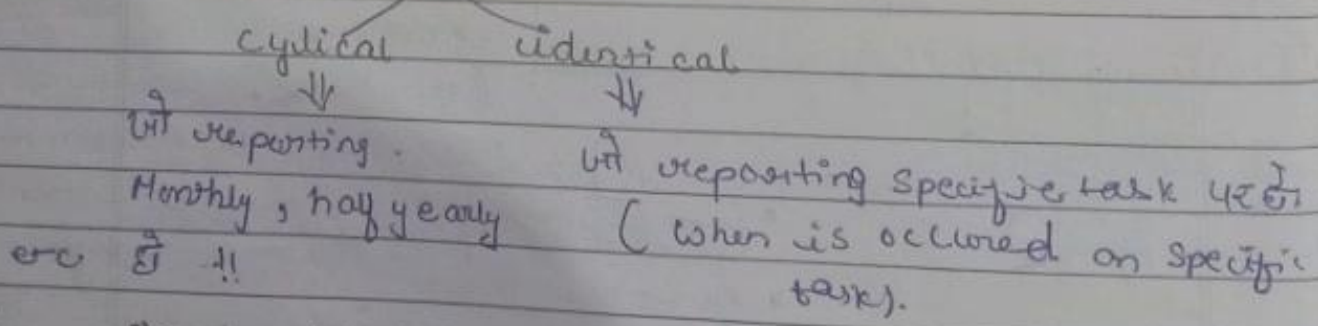
2. Each of the FH collect the info. from the various dpt. & classify. Such info. in the form of report.

3. The report should carry a declaration from the FH that the report is prepared.

4. Then these report are forwarded to CS if there is no CS then MD.

5. The CS would give comment & declaration to the MD. & MD after such comments from CS submit the report to the Board along with his signature.

⇒ 2 Types of Reporting :-



5. Ongoing - Self-Assessment :-

6

*

NO

* Compliance Dashboard - :

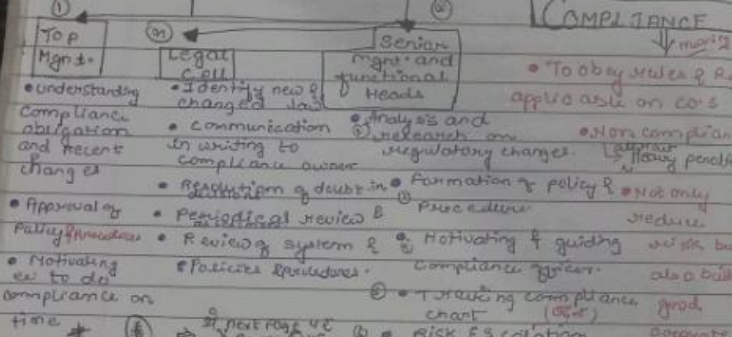
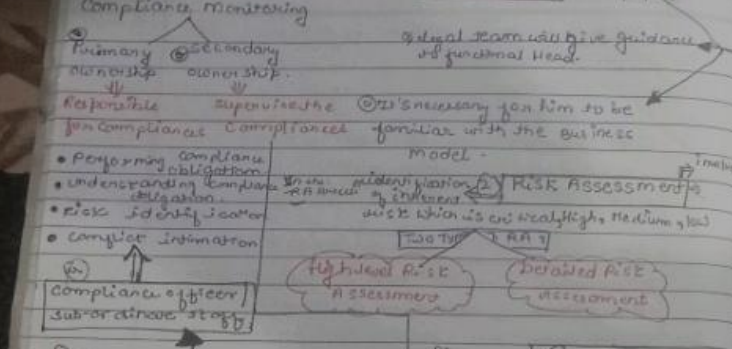
- Dashboard is used to see the CO's performances with respect to specific purpose.
- Compliance Dashboard is used to see the CO's performance with respect to compliance.
- A well designed compliance Mgmt System will provide compliance Dashboard to all users for check the compliance events.
- External auditors, Internal Auditors, Compliance Officers can use the Dashboard to make decisions on the compliance status of the CO.

NOTES :- All the well designed Compliance framework -
 में निम्न 3 points हैं उन सब में लिखने से पहले
 • ये point पहले लिखना है → A well designed compliance
 Mgmt system/framework - ensure, has changing, provide
 etc. से सब ठग नए use करते!!

⇒ Methodology - : (RPPCO)

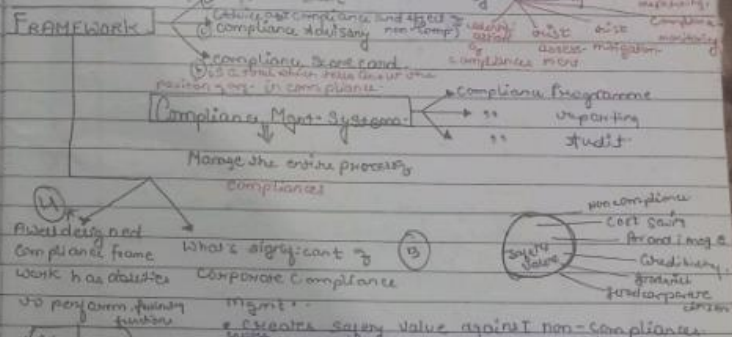
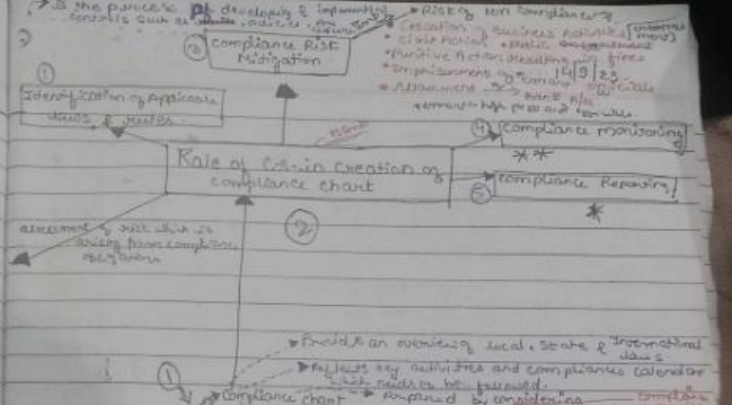
- 1) Risk assessment - : Through CO's surveys, interviews CO's culture of ethics & compliance at all levels of the orgn. is validated.
- 2) Program Design - : It can be used to assess the compliance program & reporting structure in an orgn.
- 3) Policies & Procedures - : The CO should review, updating & enhancing the policies & procedures.
- 4) Communication & Training - : Commn of the various policies & procedure of the CO & training programme on such policies which help in adoption of such policies.

Chapter 1: Compliance Framework



COMPLIANCE REPORTING

1. FII should be identified (Identify laws etc.)
2. Prepare report on basis of info. received from opt. send to CI of M.D. M.D. then forward input CI & then to board.
3. Compliance dashboard used to see performance of Co. with regards to Non-compliance. External auditors, internal auditors, internal decisional updates laws.
4. Compliance officer's procedure, policies & updates.
5. Compliance training to ensure company is doing compliance.
6. Compliance audit - audit is conducted from time to time.
7. Compliance monitoring - ensure company is doing compliance.
8. Compliance reporting - ensure company is doing compliance.



Advantages

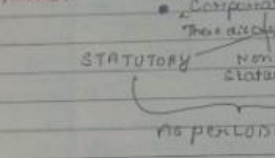
- 1. Compliance training - ensure company is doing compliance.
- 2. Compliance audit - audit is conducted from time to time.
- 3. Compliance monitoring - ensure company is doing compliance.
- 4. Compliance reporting - ensure company is doing compliance.
- 5. Compliance score card - CS is final which tells level of compliance.
- 6. Compliance Mgt. System - Manage the entire process of compliance.
- 7. Compliance Programme - reporting, audit.
- 8. Compliance identification and effect on compliance.
- 9. Compliance score card.
- 10. Compliance monitoring.
- 11. Compliance reporting.
- 12. Compliance audit.
- 13. Compliance reporting.
- 14. Compliance audit.
- 15. Compliance reporting.
- 16. Compliance audit.
- 17. Compliance reporting.
- 18. Compliance audit.
- 19. Compliance reporting.
- 20. Compliance audit.

ACRONYMS - RITNA (Risk Identification, Training, Non-compliance, Audit, Reporting)

Secretarial Audit of Compliance

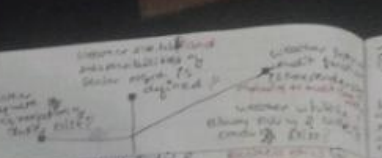
- A nature of business
- B Geographical location
- C Size of business
- D Jurisdiction in which it operates
- E Nature of law
- F Nature of law

Business Continuity: He's compliance officer... He ensure that... Corporate Disclosure... These disclosure...



CS Ensure that these disclosures are made in true letter & spirit.

- Risk Profiling Key words**
- Business Risk mgmt
 - Board
 - Legal compliance awareness
 - Business ethics
 - Succession planing



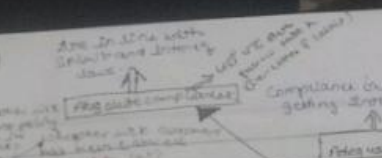
Risk Profiling

Compliance Officer

CS Ensure that these disclosures are made in true letter & spirit.

CS Ensure that these disclosures are made in true letter & spirit.

- Business Risk mgmt
- Board
- Legal compliance awareness
- Business ethics
- Succession planing



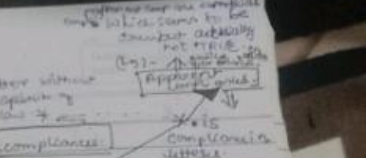
Compliance Officer

Compliance Officer

CS Ensure that these disclosures are made in true letter & spirit.

CS Ensure that these disclosures are made in true letter & spirit.

- Business Risk mgmt
- Board
- Legal compliance awareness
- Business ethics
- Succession planing



Compliance Officer

Compliance Officer

CS Ensure that these disclosures are made in true letter & spirit.

CS Ensure that these disclosures are made in true letter & spirit.

- Business Risk mgmt
- Board
- Legal compliance awareness
- Business ethics
- Succession planing