

Customizable Compliance: Streamlining Case Management

By Alexandra Theodore

Even in the computer age, case management for compliance officers isn't an easy task. But thanks to software programs designed for the industry, the process is much more efficient.

"It started with companies sort of rolling out their own solutions," says Jim Preysz, Vice President of Devesys Technologies. "There'd just be one IT guy, compiling spreadsheets in Excel, or Access, keeping track of this information, and it was very limiting."

Working for Hughes Electronics, Devesys Technologies (then Deatherage Software Solutions, Inc.) developed the first version of its Ethics Administration System (EAS) in 1995 as a matter of practicality. Hughes Electronics wanted a more streamlined method of managing its compliance cases. Deatherage responded with the creation of a program that employees could use to input and call up information on cases and reports from one source program.

Ethics and compliance have been a Devesys focus since 1995. The company has expanded, revamping its programs and systems to fit the needs of human resources (HR) and legal departments. But ethics and compliance remain its primary concentration.

Before the introduction of case management technology, companies would sometimes "be doing things a little oddly," says Preysz. "They'd be cut off from the rest of the company. There'd be typos in names, duplicates—you put in a 'Jim' as a 'James' and suddenly they would be two different people."

Cleaner way to track information

The EAS was a way to eliminate these basic errors and provide a cleaner, easier way to track information. There was a strong need for it. In 1996, founder Steven Deatherage began providing the service to the Ethics Officer Association, or EOA (now the Ethics & Compliance Officer Association, or ECOA) free of charge. From there, EOA member firms began to request customizations to better tailor the program to their specific needs.

These customizations remain one of the key features of Devesys' tracking systems. The program can be adjusted to suit an organization's in-company language or to better suit the specific needs of the organization. The administrative program can be installed on an organization's computer or computer system through various methods, depending on their needs (e.g. browser-based, network-linked, one or more computers).

As the systems have advanced, the need for express customization has shrunk in recent years—however, requests are still made. The biggest customization request touches on issues of redaction: that is, the ability to seal or remove cases within the system following completion. Redaction is typically for confidentiality purposes, explains Preysz.

"Companies, especially in Europe, need modifications geared toward confidential information that would have to be deleted or obfuscated after the investigation has been completed."

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A more cautious approach

Part of the reason for these newer modifications has been a shift in the overall climate of how people conduct business. Since the enactment of Sarbanes-Oxley in 2002, organizations have taken a more cautious approach to internal case management. “Companies feel they need more sophisticated solutions,” notes Preysz. “It’s been changed from a legal standpoint.”

The concerns are justified. According to a Paul Hastings report released earlier this year, 2010 saw a record increase in Foreign Corrupt Practices Act (FCPA) enforcement. The first quarter of 2011 alone brought four corporate settlements of U.S. Securities and Exchange Commission (SEC) charges, two of which also entered into deferred prosecution agreements with the U.S. Department of Justice. Early 2011 also saw five guilty pleas, two sentencing decisions, and one settlement with the SEC by individual defendants. The UK Bribery Act, generally considered one of the toughest pieces of anti-corruption legislation in recent years, took effect July 1, 2011.

In May 2011, the SEC adopted rules paving the way for the Dodd-Frank Act’s whistleblower program, which offers substantial bounties to individuals who provide the agency

with high-quality tips that lead to successful enforcement. The program has stirred some controversy, with many organizations fearing it will undermine their own internal ethics and compliance programs. The new rules require information to be reported to internal whistleblower, legal, or compliance offices before or at the same time that it is reported to the SEC.

Fortifying internal controls

It has become increasingly necessary, therefore, for organizations to evaluate and beef up their internal controls; having an accessible case management system in place may be as vital as an ethics hotline, suggests Preysz.

“There needs to be multiple approaches to gathering data,” he says. “Companies have their own internal ways of gathering information. Case management really needs to be worked on in a systematic way. Cases can always escalate. Litigation can be the result. Regulatory issues may come up.”

Therefore, having the information available in an organized and easily accessible form is vital.

When Devesys’ software was most recently licensed to the PMI Group (also known as Policy Masters, Inc.), for use in the Office of Inspector General and Whistleblower Program for the Los Angeles Community College District’s \$6 billion bond-funded construction programs, the program was modified to suit the organization in terms of categorization, language, and presentation. Much of the system could be used without any customization, however, adds Preysz.

“Modification is the better word for it,” admits Preysz. When it comes to ethics and compliance, Devesys has been well-matched to the purpose. □

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