

## TOP 10 WAYS FOR BOARDS & CEOS TO ENSURE CHIEF ETHICS & COMPLIANCE OFFICER (CECO) EFFECTIVENESS

1. Educate yourself by thoughtfully and carefully reviewing the 1 ½ pages of the **Federal Sentencing Guidelines** (FSGs) to clearly understand the minimum requirements for an effective compliance & ethics program (copy attached).
2. Hire a person with appropriate qualifications, experience, skills and temperament.
3. Provide an appropriate severance package (minimum of six months).
4. Ensure the CECO is properly positioned (should report to the board or audit/committee and/or CEO. Must regularly meet with the Board or appropriate Committee. Should be a member of senior leadership team and should **not** report to the general counsel or chief financial officer. Require changes in job responsibilities to be approved by the board.
5. Make sure that the CECO gets frequent continuing education.
6. Recognize that the CECO is responsible for the compliance & ethics program, **not** compliance and ethics.
7. Insist on objectively measurable ethics and compliance metrics to assess the effectiveness of the compliance & ethics program (see attached sample metrics).
8. Balance business incentives with ethics and compliance incentives (consider using compliance/ethics metrics as a gate into incentive compensation program or as a threshold to satisfactory performance in the performance evaluation process).
9. Set the CECO up for success by helping him/her properly leverage your authority. Develop standards for when s/he must bring matters to your attention:
  - Allegations of fraud
  - Culture survey results
  - Hotline calls/complaints regarding senior management
  - Refund/investigation issues when repayment obligations could exceed \$ X
  - Payments to a physician without a contract when a contract is required
  - All medical staff peer review investigations and actions
  - All CMS/TJC survey results
  - Reports on managements progress in implementing audit corrective action plans arising out of internal audits/reviews
  - Regular reports on the volume and value of the organization voluntary refunds
  - DOJ/OIG investigations
10. Insist on specific, reasonable, effective corrective action plans for compliance and audit issues (Education, without monitoring, does not change behavior!).