SAMPLE SEVEN ELEMENT DUE DILIGENCE FRAMEWORK

1. Written Standards, Policies and Procedures
   - Standards of Conduct / Code of Conduct
   - Listing of Compliance and Privacy policies
   - Description of compliance program documentation management processes

2. High Level Oversight – Governance
   - Description of Compliance Program structure and background
   - Compliance program and/or department org chart
   - Compliance Officer and/or key staff job descriptions
   - Description of compliance oversight structure(s)
   - Agenda and minutes for oversight meetings (3 years) – compliance committee and board of directors, if applicable

3. Effective Training and Education
   - Compliance training curriculum overview
   - Sample materials for Code, Fraud and Privacy related training
   - Compliance training completion metrics (3 years)

4. Effective Lines of Communication / Reporting Mechanisms
   - Description of compliance hotline
   - Hotline case volume metrics (3 years)
   - Description of compliance communication mechanisms to employees

5. Enforcement and Disciplinary Guidelines
   - Description of disciplinary guidelines
   - Disciplinary action metrics (number of involuntary terminations and corrective actions for compliance reasons – 3 years)

6. Auditing and Monitoring
   - External regulatory or client audit reports (3 years)
   - Summary of external regulatory oversight activity (3 years)
   - Internal compliance audit work plan
   - Summary of internal compliance audits conducted (3 years)
   - Policy or description of compliance risk assessment process
   - Policy or description of excluded party screening processes
   - Policy or description of monitoring processes
   - Policy or description of vendor oversight practices

7. Response to Identified Issues
   - Description of corrective action processes
   - Description of self-disclosure processes
   - Enforcement history – copies of enforcement notices, investigations, settlements, etc. (DOJ, HHS-OIG, OCR and other applicable federal or state agencies)
SAMPLE COMPLIANCE DUE DILIGENCE REPORT FRAMEWORK

- Executive summary of compliance due diligence –
  ~ Summarize whether review activities indicated target entity maintains a compliance program that aligns with general expectations of an effective compliance program and applicable regulatory requirements or expectations.

- Listing of documents reviewed
- Listing of meetings attended and interviews conducted
- Listing of outstanding questions and/or document requests
- Summary of observations –
  ~ Include key strengths yet focus on identified opportunities or risks. For opportunities and risks, include summary of potential impact to organization and recommended or required actions if entity is acquired.

- Conclusion
  ~ Brief statement to confirm whether any compliance observations or identified risk areas may impact ability to move the transaction forward.
SAMPLE COMPLIANCE INTEGRATION PLANNING FRAMEWORK

Integration Planning Timeline:

Post-Due Diligence
- Organize from due diligence report – outline initial ideas for what actions need to be taken to address identified questions/concerns and any identified integration planning considerations.

Post-Sign / Pre-Close
- Begin framing proposed timeframes for mitigation and/or integration.
- If/when possible, request updated due diligence documentation and/or recent reporting on key items of interest or concern.

At Close
- Initiate a 30-60-90+ day plan focusing on relationship building, high risk mitigation and setting pace for program alignment or integration (pending objectives of organizational strategy)
- Identify integration milestones – 3 month / 6 month / one year

Seven Element Integration Framework:

1. Written Standards, Policies and Procedures
   - Standard of Conduct / Code of Conduct
   - Alignment of primary compliance program documentation and/or policies

2. High Level Oversight – Governance
   - Compliance committee relationships or integration
   - Board of Directors reporting

3. Effective Training and Education
   - Compliance training curriculum application and timing
   - Specialized compliance training – internal and external audiences.

4. Effective Lines of Communication / Reporting Mechanisms
   - Hotline alignment & communication (employee notification, posters, etc.)
   - New entity employee welcome memo

5. Enforcement and Disciplinary Guidelines
   - Confirm Human Resource integration plan and timeframes

6. Auditing and Monitoring
   - Alignment of compliance risk assessment processes, incorporate new entity compliance risks
   - Compliance monitoring processes (operational, excluded party, conflicts of interest, etc.)
   - External regulatory or client audit management
   - Internal compliance audit plan

7. Response to Identified Issues
   - Corrective action processes
   - Self-disclosure processes
   - Compliance investigation processes

Other:
- Onboarding of team, integration into existing structure
- Regulator relationships