CCEP/CCEP-I

Study Group
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What is on the exam?
(CCEP/CCEP-I Handbook Detailed Content Outline)

1. Standards, Policies and Procedures
2. Compliance and Ethics Program Administration
3. Communication, Education, and Training
4. Monitoring, Auditing, and Internal Reporting Systems
5. Investigations and Response, Discipline and Incentives
6. Risk Assessment
7 Elements of a Compliance Program

1. Standards of Conduct/Policies and Procedures
2. Compliance Officer and Compliance Committee
3. Education/Training
4. Monitoring and Auditing
5. Reporting and Investigating
6. Enforcement and Discipline
7. Response and Prevention

CCEP vs. CCEP-I

CCEP
• “Geared toward compliance and ethics laws in the United States and is primarily for individuals who work within the U.S.”
• Know the key U.S. laws: AML, SOX, sector-based privacy (HIPAA, PCI, etc), Anti-trust/anti-competition, Clean Water Act/Clean Air Act, OSHA, Conflict of Interest, Gifts and Entertainment, False Claims Act, etc

CCEP-I
• “Focused on international compliance and ethics laws and is primarily for individuals who work outside the U.S. or those who have international affiliates.”
• Need to understand that HR, employee relations/works councils, data privacy rights/laws, attorney-client privilege, hotline use, and work culture can be very different outside the U.S.
A CFO discovers the CEO is using company funds for personal expenses. The CFO buried this information in the company’s financial reports. The compliance and Ethics Professional (CEP) learns of the situation through the company’s hotline. Which of the following should be the CEP’s FIRST response?

A. Retain outside counsel  
B. Recommend suspension of the CFO  
C. Investigate and verify the allegation  
D. Disclose the issue and terminate the CEO.

Compliance professionals must investigate and verify allegations before proceeding. The hotline call could be based on a misunderstanding of an overheard conversation or a disgruntled employee looking to cause trouble. Before taking any action or making accusations, the compliance professional should make sure there is not some other explanation.
Question 2

Which of the following is the MOST effective way a compliance and ethics professional can evaluate compliance and ethics audit findings?

A. Track the number of sexual harassment allegations received by HR that are substantiated

B. Conduct trend analysis on identified risk areas and benchmark results against industry standards

C. Review the number of hotline calls received and provide the information to the CFO

D. Investigate only those allegations received from mid-level management

Key word in the question is EVALUATE. Only B involves evaluation of audit findings.
Question 3

Which of the following BEST describes the primary role of a compliance and ethics professional?

A. ensures that risks are appropriately prioritized
B. performs background checks on new employees
C. includes compliance and ethics questions in exit interviews
D. promotes a culture of compliance and ethics throughout the organization

The primary role of a compliance and ethics professional is to promote a culture of compliance. They do this by performing the tasks listed in A-C or ensuring that someone else does them (if applicable).
A US-based retail company has 250 stores in 30 states. Past compliance efforts have included a silo-based approach with minimal oversight and the CEO acting as the Compliance and Ethics Officer. One person in each state posted compliance-related information sent from corporate, but there were no actual educational sessions. Policies and procedures were developed by corporate and reviewed five years ago. The organization has decided that a more dedicated approach is needed and hires a Compliance and Ethics Officer. Which of the following actions should the new Compliance Officer take FIRST?

A. Conduct a compliance and ethics risk assessment
B. Review organization-wide compliance policies
C. Perform a statistically valid compliance audit
D. Distribute a compliance training packet to employees

From SCCE’s Compliance 101 book (International version, 2013):

“One of the first steps in launching an effective compliance program is identifying a baseline risk assessment of the operations from a compliance perspective. Establishing baseline information for the compliance officer and other managers helps them to judge progress in reducing or eliminating potential areas of vulnerability.”

p. 51-52
Question 5

An employee discloses to counsel and the compliance and ethics professional that a supervisor has been verbally abusive. An investigation finds that the same supervisor has also been sexually harassing several employees in his department. The compliance program requires that findings of harassment be documented and forwarded by the compliance and ethics professional to the CEO with a recommendation for appropriate discipline. Counsel advises that no report be written because of possible litigation. The compliance and ethics professional’s BEST course of action is to

A. Follow counsel’s advice
B. Submit a written report
C. Ask counsel to prepare the written report
D. Recommend disciplinary action against counsel

From the CCEP Detailed Content Outline:
“Coordinate investigations to preserve applicable privileges (e.g., attorney client privilege)”

From the SCCE Code of Professional Ethics:
From Principle III - Obligations to the Profession of the SCCE Code of Professional Ethics:
“RS 2 Consistent with Rule 2.6, CEPs shall not disclose without consent or compulsory legal process confidential information about the business affairs or technical processes of any present or former employing organization. Such disclosure could enable trust in the profession or impair the ability of compliance and ethics professionals to obtain such information from others in the future.

Commentary: CEPs need free access to information to function effectively and need the ability to communicate openly with any employee or agent of an employing organization. Open communication depends upon trust. Misuse and abuse of the work product of compliance and ethics professionals poses a serious threat to compliance and ethics programs. ... When adversaries in litigation use an organization’s own self-policing work against it, the credibility of CEPs may be undermined. CEPs are encouraged to work with legal counsel to protect confidentiality and to minimize litigation risks. It is not necessary to reveal confidential information to comply with compulsory legal process if the confidential information is protected by a legally recognized privilege (e.g., attorney client privilege).”

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Question 6

Which of the following is the BEST outcome of a compliance and ethics program?

A. mitigating risk  
B. identifying risk  
C. prioritizing risk  
D. documenting risk

Key word in this question is OUTCOME. Mitigation of risk is an outcome where as the other options are parts of the process.
Question 7

A compliance and ethics professional receives an anonymous complaint that an employee is receiving gifts from a vendor. An investigation finds the employee is not in violation of the current gift policy and the policy has not been reviewed in five years. Which of the following is the compliance and ethics professional’s MOST appropriate action?

A. Continue with the current policy as no violation occurred
B. Ask the employees for input on changes to the policy
C. Benchmark for vendor relation best practices
D. Discontinue doing business with the vendor

Regulations and laws change, additionally enforcement actions can shed light on how a regulator interprets a law so updating policies on a regular basis is important. It is a good idea to see what similar organizations do in regards to vendor relations and it can be as simple as searching website of competitors to see what they post as their policy.

Example: http://www.childrenshospital.org/about-us/contractors-and-vendors
A problem was found in a routine accounting audit. Corrective action was taken and the policies and procedures were updated. Which of the following is the NEXT step in the audit process?

A. Report findings to the board of directors
B. Prepare the final summary and storage of the audit results
C. Review the process after a period of time to determine if the problem is resolved
D. Conduct a risk assessment to identify other possible issues

Audit Process

Identify a problem → Take corrective action → Update Policies and Procedures → Communicate change(s) to affected parties → Review process and documentation after a period of time to ensure success

From SCCE’s Compliance 101 book (International version, 2013):

“A concurrent audit will identify and address potential problems individually as they arise and before they cause harm to another party. If a problem does indeed exist, then steps can be taken to correct the related process and any policies or procedures to reflect the process. Once the change has been communicated to all affected parties, then those in charge of the audit can go back in a predetermined amount of time (e.g. three months and perhaps again in six months) to review the process and resulting documents to ensure that the problem has been resolved” pg 24
SCCE Code of Professional Ethics

Principle I- Obligations to the Public

Principle II – Obligations to the Employing Organization

Principle III – Obligations to the Profession

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SCCE Code of Professional Ethics

• Principle I- Obligations to the Public
  • If, in the course of their work, CEPs become aware of any decision by their employing organization which, if implemented, would constitute misconduct, the professional shall:
    (a) refuse to consent to the decision;
    (b) escalate the matter, including to the highest governing body, as appropriate;
    (c) if serious issues remain unresolved after exercising “a” and “b”, consider resignation; and
    (d) report the decision to public officials when required by law
SCCE Code of Professional Ethics

• Principle II – Obligations to the Employing Organization
  • Fiduciary Duty
    “The CEP’s ethical duty under this rule complements the duty of senior management and the highest governing body to assure themselves “that information and reporting systems exist in the organization that are reasonably designed to provide to senior management and to the board itself timely, accurate information sufficient to allow management and the board, each within its scope, to reach informed judgments concerning both the corporation’s compliance with law and its business performance.””


Hint: There may be a question next week about the Caremark case

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SCCE Code of Professional Ethics

• Principle III – Obligations to the Profession
  • Do not agree to unreasonable limits that would interfere with your professional ethical and legal responsibilities (e.g. lack of resources, lack of access)
  • Do not disclose without consent or compulsory legal process confidential information about the business affairs or technical processes of any present or former employing organization.

Why?
Because doing so undermines trust in the compliance profession

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Key Laws/Regulations/Cases to Know

- Sarbanes-Oxley Act (SOX) (with a focus on compliance elements such as Conflict of Interest protections, Whistleblower protections, Independence of Audits, etc.)
- Dodd-Frank Wall Street Reform Act (Whistleblower Protections)
- Foreign Corrupt Practices Act (FCPA)/ Anti-Bribery Laws (UK Bribery Act)/ Anti-Corruption Laws
- Data Privacy and Security (GDPR, PCI, HIPAA, FERPA, State Laws)
- Anti-Money Laundering Act (AML)/ USA PATRIOT Act
- False Claims Act
- Sherman Antitrust Act (Competition law)
- Federal Sentencing Guidelines Chapter 8
- Yates Memo, Benczkowski Memo, and other DOJ Compliance Program Guidance

Regulators to Know

- SEC
- EEOC
- OCR
- CFPB
- OIG
- EPA
- OSHA
- DPA (EU Data Protection Authorities)
- And so on...

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Additional Topics of Focus

• Anti-Corruption  
  • Conflicts of Interest  
  • Gifts and Entertainment  
  • Bribery  
• Mergers & Acquisitions (New DOJ Guidance has a special focus on this area)

Test Taking Tips

• “Stop the bleeding”  
  • What will stop the organization from incurring more fines/sanctions/bad publicity?  
• Scenario questions - What to do first?  
  • Do not assume the answer is the same as what you would do in real life at your organization  
  • Think in terms of an "ideal" organization with all functions (legal, compliance, HR, an ACTIVELY INVOLVED board of directors, etc.) which is not necessarily how each organization really functions. So while you may take one approach in your day to day job for valid reasons, that may not be the answer the exam is looking for necessarily.
Test Taking Tips (Continued)

• Scenario Questions
  • Selecting the “Most Effective” option
  • Selecting the “Most Helpful” option
  • Selecting the “Best” option

• "think/gather before you act“ – Amy Crawford on the SCCEnet message board

Avoid overreaction or going beyond the scope of compliance

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What to do when you want to change an answer on the exam?

• The general rule is your first answer on the exam will be the correct one and going back to change it is a bad idea

• Only change an answer if you feel 100% confident that the new answer is the correct one

• Sometimes questions that come up late in the exam trigger a memory that help you reevaluate an earlier question

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Scoring System

• Your "Score Report" will indicate a "pass" or "fail." Additionally, it includes raw scores by major content categories. A raw score, which determines your pass/fail status, is the number of questions you answered correctly.

Your score is based on 100 of the 115 exam questions

• The methodology used to set the minimum passing score is the Angoff method, where expert psychometricians estimate the passing probability of each item on the examination. These ratings are averaged to determine the minimum passing score.

Remember: You have 120 minutes to complete the exam

Resources

• SCCE Code of Professional Ethics
• US Federal Sentencing Guidelines for Organizations Ch 8
• DOJ Compliance Program Guidance (updated in April 2019)
• Federal Acquisition Regulations (FAR) https://www.law.cornell.edu/cfr/text/48/52.203-13
• Sample Questions from Compliance Certification Board.
Next Session’s Focus

1. Standards, Policies and Procedures
   1. Key Compliance and Ethics Policies and Procedures
   2. Subject Matter Resources (legal, HR, finance, etc.)
   3. Code of Conduct

2. Compliance and Ethics Program Administration
   1. Reporting to the governing body (board, audit committee)/senior business leader (e.g. CEO, CFO)
   2. Maintaining knowledge of relevant laws and regulations
   3. Developing an annual compliance and ethics work plan

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