

Australian Standard<sup>®</sup>

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**Compliance programs**

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This Australian Standard was prepared by Committee QR/14, Compliance Systems. It was approved on behalf of the Council of Standards Australia on 17 November 1997 and published on 5 February 1998.

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The following interests are represented on Committee QR/14:

Association for Compliance Professionals of Australia  
Australian Competition and Consumer Commission  
Australian Institute of Criminology  
Consumer's Federation of Australia  
Department of Industry, Science and Tourism  
Federal Bureau of Consumer Affairs  
Institute of Internal Auditors  
Life Office Compliance Managers Association

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## PREFACE

This Standard was prepared by the Standards Australia Committee QR/14, Compliance Systems.

Preparation of this Standard was commenced following a request from the Australian Competition and Consumer Commission.

This Standard provides principles for the development, implementation and maintenance of effective compliance programs within both public and private organizations. These principles are intended to help organizations identify and remedy any deficiencies in their compliance with laws and regulations, and develop processes for continuous improvement in this area.

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## STANDARDS AUSTRALIA

### Australian Standard Compliance programs

#### SECTION 1 SCOPE AND PURPOSE

**1.1 SCOPE AND APPLICATION** This Standard sets out essential elements for establishing, implementing and managing an effective compliance program within an organization and provides guidance in using these elements. However, this Standard is a guide only and organizations should use the system best suited to their operations.

The implementation of some aspects of this Standard may differ for smaller organizations, but compliance policy, commitment and responsibility apply regardless of the size of the organization.

NOTE: Guidance for small business is given in Appendix A.

This Standard is not intended to take precedence over, or overlap, other management systems such as ISO 9000, but to complement such systems by providing guidance in developing a program for compliance with laws and regulations.

While this Standard describes a program that is intended to achieve compliance with the law, it may also be used more widely to assist an organization in complying with codes of practice and organizational standards. All may be dealt with in a similar manner, although some flexibility may be necessary when addressing non-legal issues.

Legal compliance is part of an organization's overall risk management, to which AS/NZS 4360 offers good guidance. However, like other areas of risk management, legal compliance has its own characteristics and needs to be considered in the light of applicable legislation and the high standards for due diligence set by the courts. If these standards are not met, major operational problems can result. This means that, to an extent, legal compliance cannot always be handled under the same principles as can be applied to other areas of risk management. The court's requirements for 'due diligence' defences have been set at a very high level, and reducing the standard of the precautions taken, for any reason, can easily lead to a complete loss of defence, leaving company directors and managers exposed. This Standard indicates the methods found most satisfactory in securing proper management of legal risks.

Organizational codes and ethics have been included in the overall term 'compliance', because the same standards apply to them as they do to legal compliance.

**1.2 PURPOSE** The purpose of this Standard is to provide a framework for an effective compliance program, the performance of which can be monitored and assessed.

A compliance program is an important element in the corporate governance and due diligence of an organization, and should—

- (a) aim to prevent, and where necessary, identify and respond to, breaches of laws, regulations, codes or organizational standards occurring in the organization;
- (b) promote a culture of compliance within the organization; and
- (c) assist the organization in remaining or becoming a good corporate citizen.

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