ISO 19600: Your questions, our answers

What is ISO 19600?

ISO 19600 is a new international standard that provides guidelines on compliance management systems. As an international, industry-wide policy, it aims to ensure internationally standardised framework conditions for setting up and implementing compliance management systems in different types of organisations, not only companies.

The standard is approximately 30 pages in length and is based on the principles of good governance, proportionality, transparency and sustainability, and it places value on flexible application. This is particularly emphasised by its function as a guideline. The standard does not set out any specific requirements, but rather provides recommendations, which is made clear time and again by the use of the verb 'should'. The standard also takes a risk-based approach similar to PS 980.

Who created the standard?

The Australians took the initiative by making a proposal for a global ISO standard for a compliance management system in June 2012. This proposal was based on the AS 3806 standard from 2006, which was also developed in Australia.

After the majority of ISO members accepted the standard proposal, the organisation established a draft committee under the name ISO/PC 271. Specialists from 11 countries, including Germany and a representative from digital spirit, then began developing the standard while collaborating with a further 20 countries with monitoring status.

What is the objective of ISO 19600?

The standard aims to improve and expand on existing compliance management approaches, which are largely tailored to specific applications (such as assessment with PS 980) or topics (such as the six guiding principles of the UK Bribery Act). ISO 19600 is intended to standardise reliable guidelines used around the world for the use of compliance management systems.

What does the standard cover?

ISO 19600 sets out how a compliance management system should function in a logical manner. As this is a risk-based standard, risk analysis takes a special position. Risks are identified, analysed and evaluated in order to meet compliance requirements and establish controls. Countermeasures, weighted according to priority, should be applied for the highest compliance risks. The evaluation of the effectiveness of compliance measures as well as ongoing process improvement also plays a role, alongside internal and external communication. Last but not least, the standard focuses on the roles and responsibilities of senior and line managers as well as employees. The independence of the compliance officers is also reviewed in detail.

What is the intended use of ISO 19600?

The extent of the application of ISO 19600 depends on the size and the degree of maturity of an organisation’s compliance management system. This is referred to several times in the standard. This includes the context, nature and complexity of organisational activities, including a type of specification sheet for compliance measures. Flexibility and proportionality should also always be considered in the application.
Who can apply ISO 19600?
The standard provides a valuable improvement in that it can be applied to organisations. It is not exclusively designed for large companies; instead it defines recommendations for a compliance management system that can be used by many different types of organisations. This includes companies of all sizes, foundations, associations, authorities and other organisations, both private and public. It is not necessary to register on a corresponding registry. This way, ISO 19600 covers industries and types of companies for which there were previously no recommendations.

How adaptable is the standard?
ISO 19600 is highly adaptable, as it has been designed as a guideline and can be applied to many different types of organisations. This is why there are annotations in numerous places, noting that measures must be adapted to the size and risks of the individual organisation, whether it be a large company or an association, and should always be proportionate.

Are there standards that ISO 19600 is based on?
There were already standards in place for setting up compliance management systems before ISO 19600. For example, the Institute of Public Auditors in Germany implemented the PS 980 audit standard in 2011. There has been an Austrian standard – ONR 192050 – since 2013. It provides information on how companies should organise themselves in order to identify risks and handle them appropriately. This also includes mapping a CMS in the individual organisation as well as measures that can contribute to a change in behaviour among the employees. However, one of the first standards for compliance management systems is the AS 3806 Australian standard, which has been in use since 2006. ISO 19600 is based on this standard in particular.

How is it different from the PS 980 audit standard?
Both standards are highly similar in terms of content, although ISO 19600 is more clearly structured and easier to understand. The basic difference is that the new standard does not define any auditing requirements, but instead provides recommendations for introducing and implementing compliance management systems. This makes it easier for organisations to adapt the standard to their requirements.

Does the new standard replace other policies?
No, the standard does not replace any other policies in the German-speaking world. Standards such as PS 980 or the Austrian ONR 192050 standard remain valid and are used to audit compliance management systems.

Which models is the standard based on?
The standard is based on three fundamental models, which have been compiled into one compliance management system model. This includes the ‘Risk Management System’, making ISO 19600 a risk-based standard. In line with the ‘High Level Structure’ model, the new standard complies with the structure of other management systems and can be integrated into or combined with existing management systems without any problems. The PDCA cycle is the third model that the standard is based on. PDCA stands for ‘Plan, Do, Check, Act’ and aims to establish a continuous improvement process.
What is innovative about ISO 19600?

One of the unique features of ISO 19600 is that it is a guideline. The standard does not set out any specific requirements, but rather provides recommendations. This is made clear time and again by the use of the verb “should”. As a result, it is easier to apply the standard in the day-to-day business environment. It gives organisations more room to implement a compliance management system that is proportionate and can be adapted to individual requirements. As the standard is based on the ISO High Level Structure model for management of system standards, it can be combined with or integrated into already existing management systems.

Furthermore, ISO 19600 does not just apply only to companies, but rather every type of organisation. Companies of all sizes as well as associations and foundations obtain useful rules that can be flexibly applied in various areas.

In order to sustainably implement compliance, it must play a central role in the culture of an organisation and in the behaviour and attitude of its employees. The standard places particular emphasis on the role of management in establishing a compliance culture, which is crucial for the success of a functioning compliance management system.

The term compliance is defined in greater detail in the guideline and goes beyond adhering to relevant laws. In addition to compliance obligations that an organisation must adhere to, ISO 19600 includes duties that organisations would like to fulfil. This includes complying with voluntary principles, industry standards and agreements with non-governmental organisations (NGOs).

When does the standard enter into force?

ISO 19600 entered into force on 5 December 2014.

Will ISO 19600 gain acceptance as an international standard?

ISO standards are highly regarded around the world and therefore have great potential for wider acceptance. Greater transparency and manageability will also prove beneficial when it comes to business relationships, whether with suppliers on a national level or with business associates and third parties on an international level. Globally uniform compliance standards would have a positive impact on the operational activities of globally active companies. With this in mind, there is a realistic chance that ISO 19600 could receive international attention and acceptance as an international standard.

What is the significance of ISO 19600 for administrative or civil procedures?

It can be assumed that controlling bodies and the justice system can benefit from the standard as a benchmark during procedures that aim to ascertain whether managers have sufficiently fulfilled their monitoring and supervisory duties. This is the only way to refute accusations that business leaders have not fulfilled their duties in a satisfactory manner.
How does ISO 19600 benefit SMEs?

SMEs can be sure that their interests are strongly represented in the working committees for ISO 19600 and by digital spirit, among others. This is reflected in the standard’s recommendations that give SMEs a greater degree of freedom to ensure compliance using their own appropriate methods.

That is why the standard expressly states that the size, structure, nature and complexity of the organisation must be taken into account. This is particularly relevant when it comes to defining compliance programs, allocating roles and resources, the scope of documentation and information procurement, for example, by using a risk management system. Otherwise, SMEs can benefit from the fact that the standard is based on the principle of proportionality and it should be possible to apply it flexibly.

In addition, ISO 19600 places particular emphasis on the role of management in establishing a compliance culture, which is crucial for the success of an effective compliance management system. There is often a strong culture of integrity and leadership in owner-run SMEs. This can be further developed, making it unnecessary to establish excessive control systems as in large anonymous companies.