

Five Compliance Best Practices for ... Internal Controls and SOPs

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Drafting effective internal controls and standard operating procedures (SOPs) is essential for ensuring consistency, efficiency, and compliance with organizational policies and regulatory requirements. Internal controls are one of the ways in which organizations implement their compliance dictates and, along with compliance policies and compliance training, are the three-legged stool of compliance.

Five compliance best practices for drafting internal controls and SOPs are as follows:

1. **Define Objectives:** Clearly define the objectives and purpose of the internal controls and SOPs. Identify the desired outcomes, performance expectations, and compliance requirements that the controls and procedures aim to achieve.
2. **Involve Key Stakeholders:** Engage key stakeholders from across the organization in the process of drafting internal controls and SOPs. Collaborate with process owners, subject-matter experts, compliance officers, legal counsel, and frontline employees to gather insights and perspectives.
3. **Document Current Processes:** Document the existing processes, procedures, and controls currently in place within the organization. Review existing documentation, workflow diagrams, and job aids to understand how work is currently performed and where improvements may be needed.
4. **Standardize Format and Structure, and Use Clear and Concise Language:** Standardize the format and structure of internal controls and SOPs to ensure consistency and clarity across documents. Use headings, subheadings, numbering, and bullet points to organize information logically and facilitate navigation. Also, use clear, concise, and easily understandable language in drafting internal controls and SOPs. Avoid technical jargon, complex terminology, or unnecessary detail that may confuse or overwhelm readers.
5. **Include Detailed Instructions:** Provide detailed instructions, step-by-step procedures, and clear guidelines for performing each task or activity outlined in the SOPs. Include specific actions, responsibilities, timelines, and performance expectations to guide employees effectively. Document the approval process for internal controls and SOPs, including the individuals or committees responsible for reviewing and approving changes. Establish procedures for periodic review and updating of controls and procedures to ensure relevance and effectiveness.

Make internal controls and SOPs easily accessible to employees through centralized repositories, intranet portals, or electronic document management systems. Ensure that employees can access the most up-to-date versions of procedures whenever needed.

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