

# COMPLIANCE APPLICATION PROCESS AS A STRATEGIC TOOL IN THE MANAGEMENT OF A THIRD SECTOR ORGANIZATION

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## Abstract

*Adapting to integrity models that respect the current legislation has become fundamental in the management of organizations as a strategic form, mainly in entities with public and non-profit purposes, in a non-governmental scope. Therefore, the objective is to implement a model for the application of the compliance program in a Third Sector institution. In this way, the present article can be considered in an exploratory, applied and qualitative way, in two aspects, bibliographic research and case study, the data collection was through a meeting and interview with the company's professionals, reporting the importance of the theme. The results showed the main tools and compliance mechanism, proposing actions that can be used in practice with the purpose of providing a broad view of the functioning of the proposed model, with transparency and ethics, thus increasing the competitiveness of the business.*

**Key words:** Compliance, Ethics, Integrity.

## I. Introduction

With globalization and technological advances in the corporate environment, interest in the compliance mechanism has increased, based on ethical and transparency principles, through guidelines developed according to the nature and resources of each company, in the search for reliability in the execution of its activities.

It is adapted to integrity models that respect current legislation, it has become fundamental in management as a strategic form, due to the increase in market competitiveness and the ease in obtaining information about organizations.

Compliance with the established rules pertaining to the business is essential, not only for tax and tax issues, but also for labor and environmental issues that must be properly addressed [1][2].

Thus, it is believed that there is a need for an analysis of the problem of organizations' difficulties in complying with standards, where it is necessary to know and measure the conducts that facilitate irregularities and acts of corruption, allowing the relevance of technical preventive procedures and a

punitive control, in order to exercise its role in society, managing resources in a transparent manner.

In view of this, it is of utmost importance to use compliance in the management of organizations, especially in Third Sector institutions, which are entities with public and non-profit purposes, in a non-governmental scope, in order to implement a set of adequate policy controls, organizational structure and software as strategic tools for good management and overcoming corruption.

According to [3] [4], the implementation of a protection and integrity mechanism is considered compliance, as it intends to improve the organization's relationship with society, with the public authorities and other interested parties.

Compliance alters the corporate climate in order to avoid risks, creating a more ethical environment, avoiding the practice of serious acts to the public administration, stipulating a code of ethics according to the nature of each company, being in compliance with the laws and acting with honesty [ 5].

Depending on the corporate doctrine, compliance can be understood as procedures adopted by a certain society, aiming to optimize the compliance with rules and policies established by the organization, with the intention of reducing risks and responsibilities [6].

With efficient compliance programs, companies create and maintain more quality in their operations and are able to attract more investors, having more credibility, obtaining better financing rates, growing more and better, in a sustainable manner [7].

However, compliance activity in the company is essential for a good impression of morals, aiming to improve its elements, also contributing with the instruments to control regularity and ethical behaviors [8].

In this context, the main objective of the work is to analyze a model of the application process of the compliance program in a Third Sector organization, reflecting on the importance of the theme in the institutions, identifying the main tools necessary for the procedure of these practices in these companies, showing the efficiency of their compliance mechanisms and their strategies for organizational management [9].

From an institutional and scientific point of view, this work is justified by the interest in the researched topic on the application of the compliance program in companies, through a literature review, private analysis and information collected in the studied institution, whose activities support development projects academic, scientific and technological, but that can be introduced in any institution that views organizational innovation, where results make it easier to understand the need to comply with rules and conduct so that their processes are successful.

## **II. Literature review**

Due to the more competitive corporate scenario and with advanced technology, the dynamism in organizations has increased in the environment of major changes in business models. Thus, the need for a complete and responsible conduct grows even more in companies, and it is important to adopt compliance measures, which according to [10], the term of this word comes from English, from the verb to comply, which means to conform, to comply, obey some rule.

Compliance is understood as the following of rules, procedures, acting in conformity, in an ethical

manner in all activities, that is, compliance with laws and regulations, several actions that have positive impacts on any institution [11] [12].

According to [13], when an organization is in compliance, it is subject to ethical principles and observes its code of conduct, strictly following the current legislation, ensuring that the integrity of its management and its employees is preserved. Where their control systems, policies, structures, auditing, monitoring, in addition to the communication, training, and other processes are considered [14][15].

## II.1 Compliance in the Third Sector

The performance of the Third Sector is obtained for several reasons, such as the growing economic and financial importance of organizations and the visibility of social movements supported by a vision of a more fair world [16-19].

According to [18], it defines the Third Sector in a more simplistic way, like all those non-profit institutions, in a private sphere, with purposes of public interest, in defense of rights, without obtaining individual profits or economic gains.

Its activities are considered as the institutional space that houses associative, private and voluntary actions, aimed at goods of collective consumption, without economic surpluses of particular appropriation generated in the process [16-17].

For [20], he says that the Third Sector has great power and by adopting socially committed management, in a serious and consistent way, these companies can obtain strong partners in the construction of a more responsible, prosperous and fair society. Figure 1 shows the partnership between the Third Sector and other sectors.

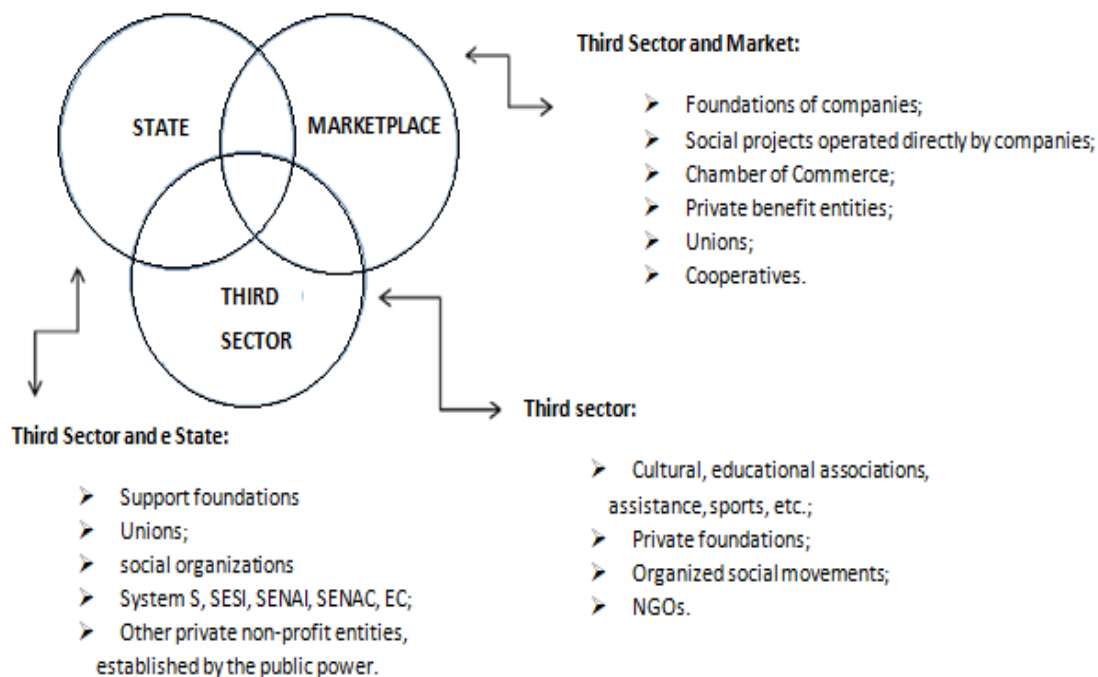


Figure 1: Partnership Third Sector with the other sectors.

Source: Adapted from [20].

In Brazil, the Third Sector contains a great diversity of non-profit organizations that operate in different areas, such as: health, education, culture, social assistance, human rights, environment, science and technology, among others [21] [22].

In Figure 2, it is possible to see the map of Civil Society Organizations - CSOs existing in Brazil, as social entities, cooperatives, foundations and political parties.

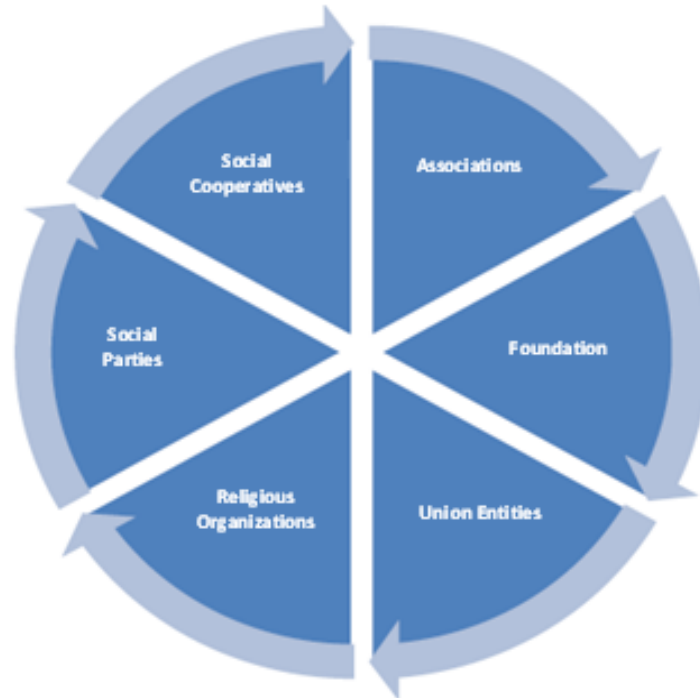


Figure 2: Map of Civil Society Organizations - OSC.

Source: Adapted from [21].

## ***II.2 Necessary tools for compliance in the third sector***

The incorporation of compliance as a tool in the search for legality, security and the standardization of processes, was carried out in an evolutionary way in Third Sector organizations, acquiring a scientific and technical basis for the foundation of changes that would go beyond theory, in order to guarantee training, control and adequacy of legal and institutional procedures [23].

The tools of an integrity program help to strengthen the institution's credibility in a solid manner, optimizing the quality and efficiency of its actions, improving levels of corporate governance, focusing on prevention practices and reducing all types of exposure to risks [24].

The authors [25], highlight some essential tools of the compliance program:

- Formation of the organization's code of ethics;
- Support in the development of professionals in their ability to deal with ethical situations;
- Creation of means for the recognition of unethical actions, with a debate on the subject being allowed [25].

However, it is indicated that there is a responsible manager in the organizations for this, being in charge of developing and structuring the compliance system throughout the institution [25].

The role of compliance is consultancy in the organization, where the paths effectively lead the institution and its employees to practice and respect good governance on a daily basis, tracing strategies

aligned with variable and dynamic programs [26].

The tools offered by compliance are quite efficient in the organizational environment, which include the opportunity to reverse the destroyed image faced in the market, its application makes it possible to impose a significant level of the solidarity and social function of the institution [28].

In order to include corporate integrity in the organizational environment, the integrity of the people involved should not be expected to come in an instinctive manner, and it is necessary to establish a set of values and principles, following internal procedures and rules that can serve as a guide to guide the performance of everyone's conduct [29].

According to [30], he says that one of the most important tools to establish a corporate culture model of compliance is the formalization of guidelines and standards of behavior, monitoring and continuous improvement.

For [31], he stresses that the compliance tools in the institutions, must act in compliance with internal and external rules, laws and policies, with participation in the approval of new processes, disseminating high ethical standards and strengthening the culture of internal controls.

For [31], he also mentions the tools for monitoring and controlling compliance that can be implemented within the organization:

- Compliance Tools: Regulations and Policies;
- Compliance Tools: Culture and Code of Ethics;
- Compliance Tools: Internal Controls and Risk Management [31].

### ***II.3 - Compliance mechanisms and their application in organizations***

With compliance being considered a set of measures internal to companies, the procedures for auditing legal compliance in the organizational environment have become more acceptable, reinforcing ethical commitments, aiming to prevent or reduce risks of violation of legislation [32].

It is important to highlight that innovation in management through compliance mechanisms is not normally used preventively, but due to some imminent internal or external event, as well as, in the need to raise funds, in preparation for obtaining funds. good measures or when a penalty is imposed [33].

For [32], he points out that the application of compliance mechanisms reinforces the use of the instrument aimed at combating corruption and, they implement cautious procedures that make it possible to minimize this vulnerability and, monitoring must be implemented in organizations, checking if ethical standards are in accordance and in accordance with the legislation in force.

A Third Sector organization that values good governance practices and transparent management can achieve its strategic objectives more firmly [29].

#### ***II.3.1 Benefits of compliance mechanisms***

For [32], compliance is very important for organizations, being essential to the company's image and, mainly, to ensure competitiveness, meeting legal requirements through compliance procedures.

The authors [34], highlight the main compliance benefits for companies that adopt compliance:

- Civil and Criminal Integrity Preservation Program, which allows the prevention and reduction of the risks of non-compliant conduct, with the Organization's Senior Management (AAO) responsible for the potential illegal or irregular behavior of its employees, providing a reduction in the degree of exposure;
- Reduction of the incidence of fraud and non-conformities that generates diversion of resources, increasing performance and efficiency;
- Prevents risks of legal sanctions, financial loss and impact on the organization's image;
- Puts the quality of decisions within the company, reducing operating costs;
- Increased efficiency in management and better performance of the company;
- Competitive advantage vis-à-vis other companies, in relation to transparency and ethics;
- Gains in productivity, due to an ethical organizational culture, influencing the integrity of employees;
- Transmission of good practices, expanding the harmonization of the internal public and generating continuous improvement in activities [34].

### ***II.3.2 Structure of the compliance program***

The structure of the The compliance program must be well planned and according to the reality of each organization, its particularities, such as: culture, size and sector, need to be balanced and must require a focus on its performance [35].

According to [36], the first steps involve knowledge of the objectives, principles, goals and vision of the company, and it is essential to know and understand well the business and the area of operation.

It is essential for the compliance program to define the processes that involve the identification, measurement and prioritization of the organization, taking into account the risks and the line of defense, as well as the integrated management, in addition to other issues that are related to these aspects [ 37].

According to [36], after the program is described, it needs to be structured. Figure 3 shows one of the several structure models of the compliance program.

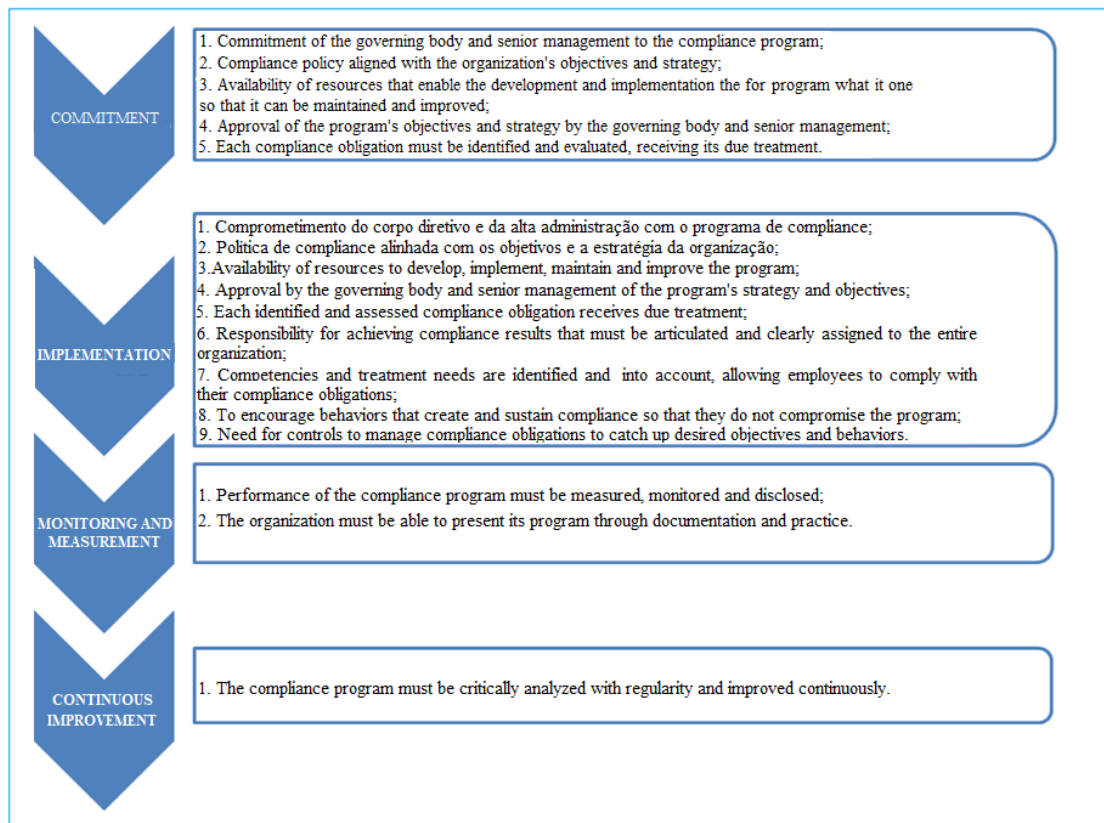


Figure 3: Structuring model for the compliance program.

Source: Adapted from [36].

With the program structure defined, it is essential to establish initiatives that collaborate with business strategies, such as the pillars of compliance, to make the fight against corruption an effective practice in organizations [38].

### 2.3.3 The pillars of the compliance program

Conforming [23], compliance is a program seen as an organized and complex system that interacts with other business processes of the company, composed of several components and depends on a multiple structure that includes procedures, systems, people, documents, ideas and actions. These components are considered pillars, defined in Table 1.

Table 1: Pillars of the compliance program.

Pillars of the Compliance Program	
<b>1st Pillar - Top Management Support</b>	It must receive unconditional support and endorsement from the company's top executives.
<b>2nd Pillar - Risk Assessment</b>	These are events with negative impacts in reaching a goal. It is seen as one of the bases of success of the program, due to the policies, the code of conduct and the monitoring efforts that must be built from the

	risks identified as relevant during the analyzes.
<b>3rd Pillar - Code of Conduct and Compliance Policies</b>	Documentation that serves as an initial formalization of what the company's posture is in relation to the various subjects on its business practices, serving as a guide in conjunction with the actions and examples of senior management, where it shows the company's commitment to the compliance program.
<b>4th Pillar - Internal Controls</b>	They are generally formalized mechanisms in writing in the company's policies and procedures and minimize operational and compliance risks, ensuring that the accounting and financial books and records accurately reflect the company's business and operations.
<b>5th Pillar - Training and Communication</b>	Each employee of the company, from all sectors and management must understand the objectives of compliance, the rules and most importantly, their role in ensuring the success of the program.
<b>6th Pillar - Reporting Channels</b>	Communication channels such as "whistleblowing channels" provide employees and business partners with a means of alerting them to potential violations of the code of conduct, other policies or regarding inappropriate actions that are taken on behalf of the company.
<b>7th Pillar - Internal Investigations</b>	Companies need to have internal processes that allow investigations to promptly respond to reports of illicit or unethical behavior, ensure that facts are verified and responsibilities identified.
<b>8th Pillar - Due Diligence</b>	It is the assessment prior to contracting to comprehensively understand the corporate structure and financial situation of third parties, surveying the history of potential commercial agents, checking whether they have a history of unethical practices or in any way, may expose the company to a business that involves risks cool.
<b>9th Pillar - Auditing and Monitoring</b>	The compliance program activity is measured by its effectiveness, therefore, to know if it is moving in the right direction, it is necessary to implement a constant evaluation process, called monitoring, which are regular audits aimed at identifying whether the other pillars of the program are working as planned.

Source: Adapted from [23].

For [36], he says that forto facilitate the understanding of the structure of a compliance program inserted in the company, there are the pillars with all parts of the audit process, shown in Figure 4.



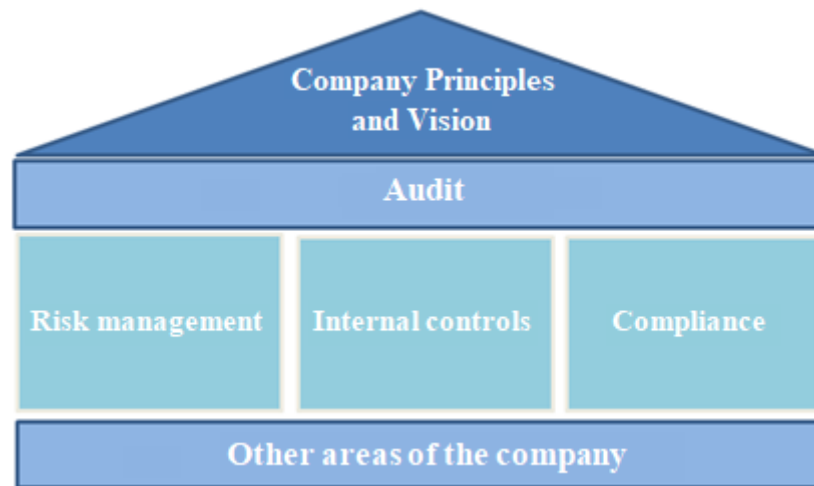


Figure 4: Pillars of the audit process.

Source: Adapted from [36].

It was possible to observe in Figure 4 the pillars that stand out the most in companies, which are part of the audit process, as well as, risk management, internal controls and compliance, for performing their activities on a routine and permanent basis, being responsible for monitoring and ensure the various areas and units of the organization so that they are in compliance with the regulations applicable to the business, that is, they act according to procedures, standards and rules developed by business management [36].

It is also recommended that the organization define a professional to act as an ethics officer, reporting directly to the management, exercising full or part time, the management of the compliance program, coordinating the committee on an ongoing basis [39].

### ***2.3.4 Profile of the compliance professional***

After defining the focus for structuring, its pillars, the knowledge of the company's business, the goals, the challenges and what it does, we must then seek the qualified professional to lead the project to develop good people management, management support is essential for the success of the program [36].

According [37], no there is a specific training to act in the compliance function, but it is necessary that the professional has experience, knowledge, personal and professional qualities to enable the conduction of activities in an appropriate way, such as:

- Solid ethical and integrity values, shown through their conduct and attitudes;
- Ability to understand the culture of the organization and the nature of the activities;
- Ability to communicate and argue with all levels of the organization and regulatory bodies, supervisors, audits and representative entities;
- Ability to say "no" in situations that constitute risk;
- Independence to show your technical opinion without fear of retaliation and exemption so that your decisions are not influenced by relationships of affinity;
- Empathy and accessibility to clarify doubts and address issues at various levels of the organization;

- Ability to handle pressure;
- Attention to opportunities for improvement in internal processes;
- Ability to keep up to date and to the needs caused by market changes, new technologies and business models [37].

Thus, the profile of the professional for the implementation of compliance in the company has as a key point the duty to manage risks, have a good system of controls and carry out the governance of this culture [36].

### ***II.3.5 - Implementation of the compliance program***

It is important for the company to present the principles for the development, implementation and maintenance of the compliance program, which according to [39], some steps must be observed for its implementation and consolidation, highlighted as:

- **Awareness:** the organization needs to reflect on the importance of ethics in the daily lives of its stakeholders;
- **Awareness:** it is relevant at this moment to advance in reflecting on the importance of the theme for an understanding of the advantages and disadvantages of aligning organizational ethical concepts;
- **Motivation:** the organization promotes the right environment for stakeholders to be interested in adopting ethical guidelines;
- **Training:** instruments such as code of ethics, whistleblowing channel that enable stakeholders to develop the ability to deal with ethical issues in a way that is more adherent to the organization's principles;
- **Side dish:** assistance in the practice of the actions of all those involved, promoting a synergy of ethical precepts in the organization;
- **Adequacy:** the organization needs to consider the continuous changes that have occurred in the business, which may reflect on the way of living the principles adopted, this does not mean that the premises and values are changeable in essence, but the occurrence of accidents requires revision and adaptation of the way the organization applies its principles [39].

Finally, there is the stage of designing processes and controls, which is also essential, being absolutely clear to everyone involved in the program. In this phase, procedures, forms, standardization of controls, team structure and approvals with those responsible are defined, in accordance with the entire procedure [36].

## **III. Materials and methods**

### ***III.1 -Experimental Methodology***

In order to demonstrate the understanding of the integrity program in the Third Sector, in order to provide greater knowledge on the subject, there was a need to present a model of application of compliance in a support foundation, based on the studies of [40] [41], ensuring that the interests of the organization are met with regard to political and procedural issues related to ethics inserted by the institution.

The present study can be considered in an exploratory way for providing greater knowledge on the

topic, of an applied nature, establishing the practice of specific problems of the organization with the intention of solving them and qualitative seeking to understand its concepts, in two aspects, bibliographic research with the purpose to identify the approaches of the authors through books, theses, articles, electronic sites, company documents and, case study, with the objective of analyzing a model of application of the compliance program in an institution, being evaluated by professionals of the area .

The data collection was carried out through a meeting and interview with the organization's professionals, analysis of company documents and through the bibliographic references researched, in order to consolidate the theoretical and practical foundation on the importance of compliance in organizations, identifying its main tools, showing its compliance mechanism, describing and proposing actions of strategies that can be used in the practice of organizational management.

For the analysis of the application of the compliance program in the researched institution, several management tools were used in order to provide a broad view of the functioning of the proposed model.

### ***III.1.1 - Characterization of the organization***

In view of the need to address the difficulties of companies in complying with and knowledge of standards and conduct, and the irregularities that facilitate acts of corruption, meeting the main objective of the work, which is to analyze a model of compliance enforcement process in an organization of the Third Sector, the study sought to research data from the Muraki Institutional Support Foundation, as it does not have an integrity program in its management, and it is important to implement technical preventive procedures and punitive control, in order to exercise its role in the society, managing resources in a transparent manner.

Created on July 13, 1999, the Muraki Foundation is a private non-profit institution, with the objective of supporting the Institute of Technology of the Amazon (UTAM), having its registration with the Foundations Ombudsman of the Public Ministry of the State of Amazonas [42].

After the extinction of UTAM and the creation of the State University of Amazonas (UEA) in 2001, Muraki also started to support the entire state university, being an institution established with the purpose of carrying out the administrative and financial management of teaching projects, research and extension, working towards its mission and statutory objectives, in support and academic, scientific and technological development with future professionalization [42].

Driven by the demand of the Industrial Pole of Manaus - PIM, in 2006 the foundation created the Competitive Intelligence Nucleus - NIC, being a sector of the institution responsible for the development and implementation of research, innovation and development of R&D projects, with the beneficiaries being the following: scientific, industrial communities and Amazonian society [42].

Located in the Center-South Zone of Manaus, in Amazonas, the Muraki Foundation is an institution capable of developing and managing projects and activities aimed at scientific and technological, artistic and cultural development, as well as the preservation of the environment, always focusing on the customer satisfaction, legal parameters and society's interests, with a collection produced by its employees and partners. He currently has the executive board, the legal sector, the R&D sector, project management, IT, people management, the accounting, financial sector, purchasing and accountability sectors.

After meeting with the professionals responsible for the foundation, it was observed that, for the

compliance program application process model to meet the company's internal procedures, it is important to define the interactions of the management system considering the strategic objectives for implementation. The interactions of the management system are shown in Figure 5.

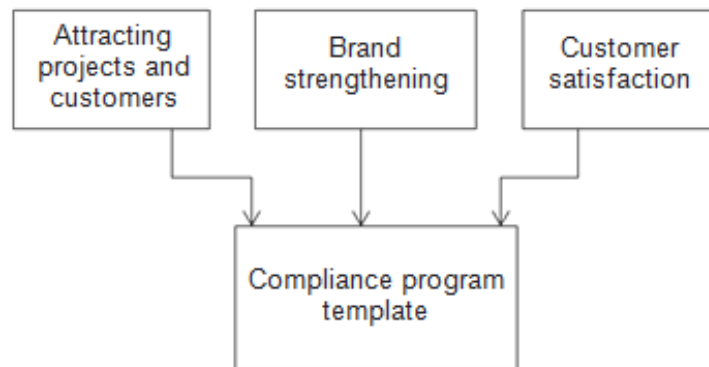


Figure 5: Interactions of the management system.

Source: Authors, (2020).

According to Figure 5, it is possible to verify that the model of the compliance program offers effective conditions for the perspective and satisfaction of customers and the ability to improve the image of the institution through the management system implemented.

**III.1.2 - Proposed model**

For the proposed model, a meeting and interview was held with Muraki professionals, with a view to the compliance program model for the practice of good governance with a new form of management, ensuring the fulfillment of the institution's needs with regard to political issues and procedures related to ethics and integrity inserted by the foundation. Through a meeting and interview with Muraki professionals, the application model of the compliance program was analyzed, establishing its evaluation parameters divided into eight stages. Table 2 shows the eight stages of the evaluation parameters for the application model of the compliance program.

Table 2: Parameter for evaluating the compliance program.

Stage	Evaluation parameter
1st Stage	Top Management Commitment.
2nd Stage	Risk assessment.
3rd Stage	Propose Compliance Policies.
4th Stage	Internal and External Controls.
5th Stage	Communication and Training.
6th Stage	Reporting Channels.
7th Stage	Auditing and Monitoring.
8th Stage	Compliance Management System.

Source: Authors, (2020).

Table 2 describes the stages of the compliance program evaluation parameters established to meet

the objective of this study.

**Step 1 - Top Management Commitment:** to meet this stage, a meeting was held with professionals with high strategic training in the environment in which they operate at the foundation, in order to gather data on the interest and motivation for implementing a model of compliance program in the institution .

**Step 02 - Risk Assessment:** this step assumes the identification of compliance risks, measured through the risk matrix through an alignment meeting with professionals at the institution, members of the human resources team, where the assessment is a suggestion for dealing with the consequences if the risks are accomplished.

**Step 03 - Propose Compliance Policy:** after meeting and interviewing the company's professionals, a compliance policy was proposed for this stage to assist the Muraki Foundation.

**Step 04 - Internal and External Controls:** After holding a meeting with professionals in the area, several internal and external issues were raised at this stage, which should be considered by the Muraki Foundation for the implementation model of the compliance program, based on the company's information regarding the forces, weaknesses, opportunities and threats.

**Step 05 - Communication and Training:** for this stage, the communication criteria on the integrity program and the periodic training and transparency of the company were analyzed.

**Step 06 - Reporting Channels:** this step consists of providing access to the internal and external public, however, with rules and procedures aimed at the discretion of those who report and who demonstrate great learning in relation to the existing channels.

**Step 07 - Audit and Monitoring:** this step seeks to improve the prevention and fight against the occurrence of serious acts, with procedures that guarantee the interruption of irregularities or violations detected of the damage generated, in addition to application in cases of violation of the compliance program, disciplinary measures and channels for reporting complaints. irregularities, widely disclosed to employees.

**Step 08 - Compliance Management System:** this step constitutes the approximation of the information collected in the previous phases in order to build the model of compliance program to be proposed for the management system of the Muraki Foundation.

## ***IV. Results and discussions***

### ***IV.1 - Applying the results***

The study sought to propose a model of compliance program, aiming at the practice of good governance in the company. After presenting the data, the model proved to be satisfactory for the institution's professionals, as it allows a management that ensure that the organization's needs are met with respect to policy and procedure issues related to ethics and integrity inserted by the foundation to support decision making.

To analyze the application model of the compliance program at Muraki, several management tools were used, in order to provide a broad view of its operation.

The program model was analyzed by professionals in the foundation area, and its evaluation parameters were established in order to present the results obtained in the construction of the method applied in this work, divided into eight stages.

***IV.1.1 - Analysis of the application model of the compliance program***

The application model of the proposed compliance program was based on the requirements defined by the professionals of the studied company, taking into account the internal and external issues that are fundamental to its processes, using the brainstorming technique for this purpose, in order to clarify the critical points in the institution.

After obtaining the information, eight stages of evaluation were described, established as parameters for achieving the research objective.

***1st Stage - Top management commitment***

In this stage, meetings and interviews were held with professionals with high strategic training in the environment in which they work at the Muraki Foundation to analyze the commitment of top management to the compliance program in relation to the preservation and correction of acts of corruption. For this, the professionals presented their procedures in order to show the interest of the organization's top management on the attitudes of good governance in the actions carried out at the foundation.

It is possible to observe in Table 2 the requirements obtained regarding the commitment of Muraki's top management in relation to good governance actions and the strategic issues of its management for the application of the compliance program model.

Table 3: Senior management requirements for applying the compliance program.

<b>Muraki Foundation senior management requirements for the compliance program application model</b>
Professionals with high strategic training in the environment in which they work at the institution.
Integrity requirements.
Propose compliance policies.
Good image.
Transparency.
Periodic accountability.
Compliance with legal requirements.

Source: Authors, (2020).

It can be said that although the Muraki Foundation does not yet have a compliance program, it has a set of regulations and policies related to integrity issues, according to the requirements highlighted in Table 4.1 that is directly linked to the company's strategic direction. Supervision by top management ensures that effective actions are applied to an incentive measure that promotes ways of improving the company's control environment.

***2nd Stage - Risk assessment***

This step provides for the identification of compliance risks that takes into account the policy of

integrity programs and the definition of strategic values of the institution. During a meeting at the company with professionals in the area, some fundamental obligations related to compliance were proposed, which need to be fulfilled by the foundation in the application of the program, as shown in Table 4.

Table 4: Fundamental obligations of the institution for the compliance program.

Fundamental compliance obligations
Promote ethics in your relationships.
Valuing employees.
Meet legal requirements as a support foundation and project manager
Focus on results.

Source: Authors, (2020).

It was possible to identify the risks incorporated in the institution's procedures, after the delimitation of obligations, during the meeting with the company's professionals. Table 5 describes the risks included in the institution's procedures.

Table 5: Risks inserted in the institution's procedures.

Risks inserted in the institution's procedures
1 Delay or breach of obligations (Accounting).
2 Failure to prepare and evaluate the legal instrument.
3 Incompatible ethical conduct.
4 Labor issues regarding the hiring of individuals and legal entities (supplier).
5 Wrong payment process.
6 Failure in greeting at the obligations of funding agencies.
7 Lack of a system for meeting R&D projects.
8 Absence of control of information available on the transparency portal.

Source: Authors, (2020).

Each risk presented was numbered and measured using the risk matrix assessment technique, by multiplying its consequence by its probability. The values attributed to each category take into account the studies by PINTO (2012). Table 6 shows the levels assigned to each risk.

Table 6: Levels assigned to each institution's risk.

No.	Risk	Probability	Consequence	R = P x C
1	Delay or non-compliance with obligations (Accounting).	2	3	6
2	Failure to prepare and evaluate the legal instrument.	2	4	8
3	Incompatible ethical conduct.	2	4	8
4	Labor issues regarding the hiring of individuals and legal entities (Supplier).	3	3	9
5	Wrong payment process.	3	3	9
6	Failure to comply with the obligations of the Financing Bodies.	3	4	12
7	Lack of a system for meeting R&D projects.	4	4	16
8	Lack of control over the information available on the Transparency Portal.	4	4	16

Source: Authors, (2020).

According to Table 6, the multiplication of probability and consequence provides the severity of the risk according to the resulting value, assigning the level of each one. It is possible to observe in Figure 6 the evaluation of the classification of the foundation's risk matrix, after presenting the result.

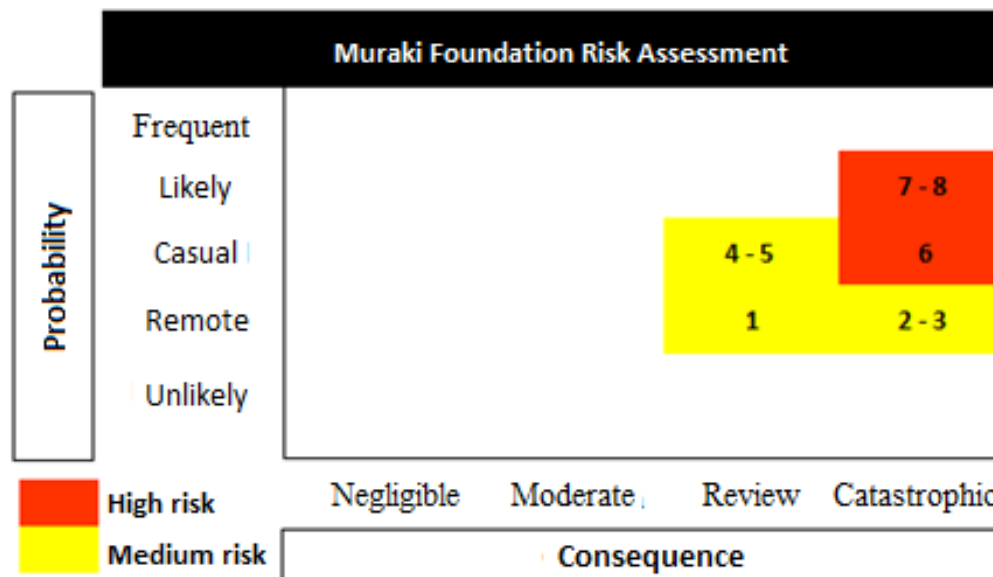


Figure 6: Assessment of the foundation's risk matrix.

Source: Authors, (2020).

Considering the risks defined with the institution's professionals, as shown in Figure 4.2, the results presented in the matrix were: medium and high risk, probability: probable, occasional and remote,



consequence: catastrophic and critical, seen as damage to the foundation. The classification took into account the studies by [43].

Therefore, after the result of the multiplication of probability and consequence, the risks considered as medium and high are shown in Table 7.

Table 7: Risks considered medium and high of the institution.

No.	Risk	Classification	Probability
1	Delay or non-compliance with obligations (Accounting).	Average	Remote
2	Failure to prepare and evaluate the legal instrument.	Average	Remote
3	Incompatible ethical conduct.	Average	Remote
4	Labor issues regarding the hiring of individuals and legal entities (Supplier).	Average	Casual
5	Wrong payment process.	Average	Casual
6	Failure to comply with the obligations of the Financing Bodies.	High	Casual
7	Lack of a system for meeting R&D projects.	High	Likely
8	Lack of control over the information available on the Transparency Portal.	High	Likely

Source: Authors, (2020).

During a meeting with the professionals of the Muraki Foundation, all the consequences of the risks were recognized and recommendations were made to prevent the impacts, through planning and good organizational management, such as the application of the compliance program. Table 8 shows the consequences and recommendations of the risks encountered.

Table 8: Cconsequences and risk recommendations of the institution.

N o.	Risk	Consequences	Recommendations
1	Delay or non-compliance with obligations (Accounting).	Fine, audit, rework and return of resources.	Plan and control the obligations and deadlines to be met.
2	Failure to prepare and evaluate the legal instrument.	Return of resources, administrative penalties, rework and negative image.	All legal instruments must pass through Legal.
3	Incompatible ethical conduct.	Audit, loss of projects and negative image.	Elaboration and command of a code of ethical conduct,

			defining the procedure and monitoring of the processes.
4	Labor issues regarding the hiring of individuals and legal entities (Supplier).	Financial losses, negative image, charge, breach of contract and delay in the process.	Improvement of process controls, paying attention to labor legislation, observing contracts.
5	Wrong payment process.	Rework and customer dissatisfaction.	Provide detailed payment obligations procedure.
6	Failure to comply with the obligations of the Financing Bodies.	Return of resources, negative image, rework and loss of accreditation.	Improve the monitoring of funders' requirements.
7	Lack of a system for meeting R&D projects.	Rework, lengthy procedures, lack of process control and Delays.	Create an integrated system ensuring the monitoring of R&D processes.
8	Lack of control over the information available on the Transparency Portal.	Audit, negative image and administrative penalties.	Define procedures for the management of the Transparency Portal.

Source: Authors, (2020).

During the meeting with Muraki professionals, it was recommended to carry out an action plan to reduce risks and their impacts, seeking to establish new processes through the elaboration of procedures and control through application of the compliance program.

**3rd Stage - Propose compliance policy**

Top management must build an integrity policy with the provision of information and guidelines from the Muraki Foundation, related to the planning of the management of its activities, and must be followed by all employees. Through a meeting with the professionals in charge of the area, a model of integrity policy was defined for the application of the compliance program, which is described in Table 9 based on the guidelines of the foundation.

Table 9: F integrity policyMuraki undation.

<b>Integrity policy</b>
Make a commitment to effectively meet the requirements of interested parties.
Ensure transparency in its processes, especially in the management of resources transferred by financiers.
Provide a working relationship environment.
Accounting controls that can ensure reporting and reliability.
Decision-making process.

Source: Authors, (2020).

**4th Stage - Internal and external controls**

At this stage, several internal and external issues were raised through the SWOT matrix, which should be taken into account by the institution for the application model of the compliance program. The situations described were taken from the information provided by Muraki professionals through the meeting and analysis of company documents. Figure 10 shows the internal and external issues to be considered for the construction of the compliance program at Muraki.

Table 10: Qinternal and external suggestions from the Muraki Foundation.

<b>Foundation internal and external issues</b>	
<b>External</b>	<b>Internal</b>
Bargaining power of the purchasing sector.	Internal communication and with project coordinators.
Assistance to bureaucracy and legislation of the control bodies.	Mapping of process.
Oversight of the control bodies.	Captura de projeto.
Good relationship with the control bodies.	Employee well-being.

Source: Authors, (2020).

Table 10 presented the internal and external issues of the Muraki Foundation, related to the application model of the compliance program, seen as positive and negative, related to the pertinent legislation for company evaluation.

**5th Stage - Communication and Training**

In this stage, the criteria related to training and communication for the application of the compliance program in the institution were analyzed through a meeting with the responsible professionals. Table 11 shows the communication and training suggestions made with Muraki professionals.

Table 11: Communication and training suggestions for the compliance model.

<b>Communication and training for the compliance program</b>
Electronic messages or other means with information on health policies to enhance the effects of communication.
Campaigns to better understand the importance of integrity and ethics policies.
Courses related to the topics of integrity and code of ethics.
Measurement plan of the perception of content on the part of each individual for a dynamic measurement in the improvement of processes.
Creation of criteria based on the principles of morality and administrative adequacy, to avoid subjective decision making.

Source: Authors, (2020).

For the suggestions presented, it is relevant to create criteria actions based on the principles of correct and dignified management, to avoid subjective decision making.

**6th Stage - Reporting Channels**

During a meeting held with the institution's professionals, it was reported on the importance of reporting channels for the application of the compliance program, as they provide good access to both the internal and external audiences. Suggestions for accessing the reporting channels can be seen in Table 12.

Table 12: Access to reporting channels.

<b>Reporting channels</b>	
	Standards and procedures what aim protection whistleblowers.
	Knowledge of the channels and a use quite.
	Ease of access to the reporting channel by all employees.

Source: Authors, (2020).

It is important to highlight that the actions of the channels that propose to reasonably examine the complaints and forward them, are not done properly, being considered an operational deficiency for the responsible area. It is recommended to specialize a channel to deal with integrity issues, improve internal regulations by defining the amount that will be seen by the area, and it is important to adopt a disciplinary audit of operational capacity that acts in the appropriate investigation of complaints.

**7th Stage - Audit and monitoring**

This step aims to improve the prevention and fight against the occurrence of bad acts, with procedures that guarantee the interruption of irregularities found and damages generated, in cases of violations of the compliance program, disciplinary measures, place of communication of irregularities and complaints must be applied. and be widely disseminated to employees. Table 13 shows the audit and monitoring actions for the application model of the compliance program at the Muraki Foundation.

Table 13: Auditing and monitoring for the compliance program model.

<b>Auditing and monitoring for the compliance program model</b>	
1	Actions under the responsibility of the risk management and internal audit and committee environments.
2	Senior management exempt from measures.
3	Assessment of current legislation.

4	Application of disciplinary measures to employees in case of violation of the integrity program.
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Source: Authors, (2020).

The importance of preventing and combating the occurrences of bad acts is essential, that is why the procedures highlighted in Table 13 guarantee the interruption of irregularities to be found, protecting the company's image.

**8th Stage - Compliance management system**

For this stage, the information from the previous phases was taken into account, in addition to the discussions held at the meetings with the foundation's responsible team, covering the entire process carried out by the institution. At this stage, the commitment of top management to the structure of the compliance and inspection program for the management system was evaluated, as shown in Figure 7.

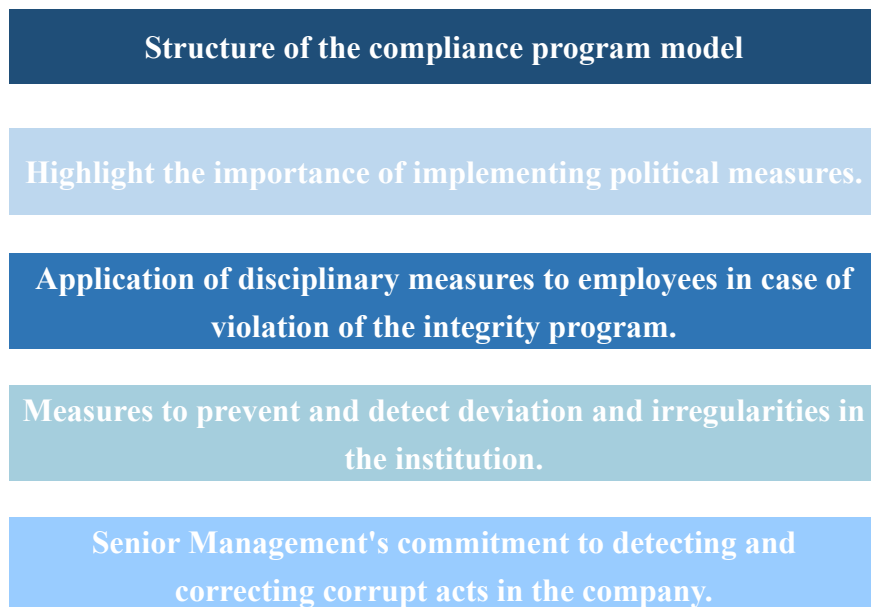


Figure 7: Compliance program structure.

Source: Authors, (2020).

Although the Muraki Foundation has a set of regulations and policies related to ethics and irregularities, a model for applying the compliance program in its procedures was suggested, as it is important to have an integrity plan approved by the responsible sector, ensuring that the resources essential for the actions to be properly implemented in a correct and effective manner, in addition to adopting an incentive measure that consistently promotes an improvement in the control environment in the institution's management system, with more transparency in its activities, further protecting the image from the company.

**V. Conclusion**

In this dynamic and globalized scenario, the use of management tools and the creation of new

strategies that contribute to the improvement of organizational and professional measures in support of decision making, in a transparent manner, have been increasing more and more, significantly in companies. As the implementation of integrity program systems grows, the institutions create mechanisms and methods that clearly and integrately display the processes of the activities of each sector and, consequently, the positive results of the organization. Thus, companies and especially Third Sector institutions have undergone a series of adaptations, as society has begun to see and demand more from organizations the development of measures that improve economic and social activities, with more transparency. Yet, meeting the main objective of the work, we sought to list the critical factors for the success of the analysis of a model of application of the compliance program, through the use of methodology based on ethical standards and procedures, for the realization of good management practices in the organization, considering the context in which the company is inserted, which is the Third Sector, since the Muraki Foundation is a non-profit institution that supports Research, Extension and R&D projects, managing government and private funds. Compliance is seen as a mechanism to ensure good governance and transparency for the company, supporting effective actions to preserve ethical values and comply with obligations.

Therefore, aiming to increase the power of competitiveness in the market with a good image, the integrity of organizational activities and the search for improvement in administrative procedures have been growing more and more, regardless of the branch of the company. Thus, the study sought to propose a model for the application of the compliance program in a Third Sector institution, as the use of this tool has been shown to be fundamental for organizations, guaranteeing their competitiveness, considering practices of transparent actions for society and control bodies. To achieve this goal, it was necessary to identify all stages of the compliance program process, serving as parameters for creating a model, evaluating the procedures and behavior of the institution's employees. The use of the information gathered with the support of the professionals of the studied company was of paramount importance for the performance of comparisons and simulations made in the proposed model, using several management tools so that it was possible to obtain good results. Information collected by the institution's professionals was submitted and, after data obtained in the analysis, it was observed that the although the Muraki Foundation has a set of regulations and policies related to ethics and irregularities, it is necessary to have an integrity plan approved by the sector responsible for the compliance program, ensuring that the essential resources for actions are properly implemented in an effective manner, in addition to applying an incentive measure that consistently promotes an improvement in the control environment in the company's management system. Based on this information, it is valid to develop techniques for analyzing critical activities to be used when evaluating each procedure performed by the foundation, the use of management tools should also be adopted for the knowledge of the organization's internal and external environment. , looking at their strengths, weaknesses, threats and opportunities, in addition to the identification and measurement of risks to improve the practice of its actions, in a transparent manner complying with the rules and legislation of the control bodies. It is essential for Muraki management to address integrity programs, identifying the main tools necessary for compliance in Third Sector institutions, the application of the compliance mechanism, so that their proposals for good governance action strategies can be used in practice.

Therefore, this research can serve as a consultation for new studies on the topic presented, that regardless of the branch of the company, the compliance program model can be considered a great tool for

organizational management, with transparency and ethics, thus increasing competitiveness of business.

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