

January 23, 2007

What compliance looks like: Policy and procedure manual

by Gil Van Over

Since the beginning of the year, we've taken some significant steps towards meeting our New Year's resolution of improving the dealership's compliance quotient. As a leader, you've let everyone know that you are serious about compliance, you've named a compliance officer and have started this officer down the training path. Now it is time to communicate your expectations to your employees so that they will know exactly what to do.

You will need to create and publish policy and procedure manuals as the tool to communicate your expectations. One for Sales, one for F&I.

Each one should start with an acknowledgement form that the employee signs after he has had an opportunity to review the manual. This acknowledgement asks the employee to certify that he has read the policy manual and agrees to abide by it. This will help you in the future should you have a rogue employee in that you can show the judge that the rogue's actions were not acceptable and she signed agreeing not to be a rogue.

Make sure the employee has an appropriate amount of time to review the manual and an opportunity to ask questions before getting the acknowledgment form signed. A week normally is sufficient.

Next in the manual should be a job description for the positions the manual is designed to cover. For example, the F&I Manual will have an F&I Manager's job description.

Following the job descriptions and the acknowledgement letter come the various areas the employee is expected to be proficient in and outlines the correct way to perform the function. Examples can include:

- Legal requirements, such as the requirement to check OFAC on all transactions, how to handle privacy notices and when to send adverse action notices
- Process requirements, like the approved method for quoting payments, how to disclose negative equity and maximum product pricing and rate caps
- Ongoing requirements, such as periodic audits and continuing education

Finally, the manual can provide reference sources including the Acts, Rules and Regs, or at a minimum, provide a page with internet links so that the employee can review them.

Next week we will start to look at the Acts and outline your responsibilities.

Until then, continued good luck and good selling.

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