Regulatory Compliance Scaling for Decision Making

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There is a lack of empirical demonstrations of regulatory compliance decision making. In the past, I have used the methodologies of key indicators, risk assessment and the resultant differential monitoring techniques of how often and what should be reviewed for decision making. What has not been addressed is decision making based upon comprehensive reviews when all regulations are assessed. This short paper will address how empirical evidence taken from the past 40+ years of establishing and researching a national data base for regulatory compliance can help lead us to a new scaling of regulatory compliance decision making.

In analyzing regulatory compliance data it becomes perfectly clear that the data have very little variance and are terribly skewed in which the majority of programs are in either full or substantial compliance with all the respective regulations. Only a small handful of programs fall in the category of being in low compliance with all the regulations.

The proposed scaling has three major decision points attached to regulatory compliance scores. Either programs are in full or substantial compliance, in low compliance or somewhere in the middle. Full or substantial regulatory compliance is 100% or 99-98% in regulatory compliance. Low regulatory compliance is less than 90% and mid-regulatory compliance is between 97%-90%. These ranges may seem exceptionally tight but based upon the national data base on regulatory compliance that I maintain at the Research Institute for Key Indicators (RIKILLC) these are the ranges that have formed over the past 40 years. These data ranges should not come as a surprise because we are talking about regulatory compliance with health and safety standards. These are not quality standards, these are basic protections for clients. The data are not normally distributed, not even close as is found in quality tools and standards.

What would a **Regulatory Compliance Decision-Making Scale** look like:

Data	Level	Decision
100-98%	*Full/Substantial*	*License*
97-90%	*Mid-Range*	*Provisional License*
89% or less	*Low*	*No-License*

States/Provinces/Jurisdictions may want to adjust these levels and the scaling based upon their actual data distribution. For example, I have found certain jurisdictions to have a very unusually skewed data distributions which means that these ranges need to be tighten even more. If the data distribution is not as skewed as the above scale than these ranges may need to be more forgiving.

This regulatory compliance decision making scale does not take into account if abbreviated methodologies are used, such as risk assessment or key indicator models that are used in a differential monitoring approach. The above scale is to be used if a jurisdiction decides not to use a differential monitoring approach and wants to measure regulatory compliance with all regulations and complete comprehensive reviews.

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