

10 Ways You Could Be Sabotaging Your Whistleblower Program's Value



Whistleblower programs are an integral component of any organization's governance, compliance, and risk management strategy, serving as a crucial channel for employees to report misconduct, even anonymously if they fear retaliation. According to the Association of Certified Fraud Examiners (ACFE) Occupational Fraud 2024: A Report to the Nations®, 43% of reported fraud cases were uncovered because someone chose to report them. However, despite their importance, many whistleblower programs fail to realize their full potential due to various operational shortcomings and misconceptions. In this article, we outline ten common ways organizations may inadvertently sabotage the value of their whistleblower programs and offer insights on how to overcome these challenges.

No Channels Through Which to Report Misconduct or Other Concerns:



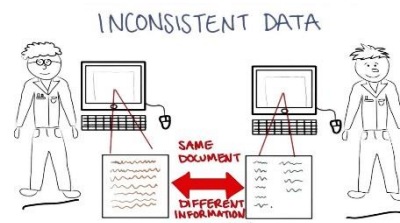
First and foremost, not offering at least ONE mechanism that allows anonymous reporting immediately excludes any reporter who fears retaliation for speaking out. Most whistleblowers (we often call them Reporters) take reporting of misconduct very seriously and do so after much deliberation. They naturally

consider: "If I report that my boss is falsifying their travel expenses, will my organization believe me? Will they even investigate? Will they fire me? Will they prevent me from getting a promotion or a raise? Providing a means for anonymous reporting helps alleviate some of these concerns.

Similarly, vendors will often report misconduct, such as being solicited for kickbacks. They may choose not to inform the organization if they feel that identifying themselves in reporting will cause them to suffer financial or reputational damage.

Offering anonymous reporting sends a powerful message and may deter wrongdoing: it says that you take these matters seriously, that you want stakeholders to report concerns, even anonymously, that you will investigate these concerns regardless of who reports them, and that you want reporters to feel comfortable enough to speak up when they find it necessary.

Inconsistent Data Tracking:



Without robust data tracking mechanisms in place, organizations risk losing valuable insights into the nature and frequency of reported misconduct. Not using one platform to track all misconduct in a company is one of the culprits. For example, there may be four reports of harassment in the case management system that came through the whistleblower hotline mechanism, but 92 reports of harassment that were reported directly to a supervisor or Human Resources that are not being tracked anywhere at all. Implementing consistent data tracking procedures ensures that patterns and trends are identified, to take proactive measures to address underlying issues.

Asking Reporters to Pick The 'Issue Type' Or Give Input on Investigation Steps:



Allowing reporters to choose the issue type is problematic because the reporter often mis categorizes their concern. Often, this leads to the report being incorrectly assigned to the wrong department, potentially allowing individuals to see confidential information that they should not. Platforms that allow the reporter to determine who can and cannot follow up on the investigation are problematic for the same reasons.

Lack Of Awareness and Training:



Failing to create awareness among employees about the whistleblower program and provide adequate training on reporting procedures can result in underutilization and ineffectiveness. It also can lead to the perception that the organization is simply ticking the box instead of actually wanting to hear about potential misconduct from the employees. We have heard from many frustrated employees about policies that “require reporting” of misconduct but fail to provide instructions on how and where to do so. The overwhelming sentiment to that lack of information is that it is done on purpose to prevent reporting.

Neglecting Training for Administrators and Investigators:



Administrators and Investigators play a crucial role in managing and responding to whistleblower reports. Failing to provide them with proper training on handling reports, escalation procedures, and maintaining confidentiality can undermine trust and effectiveness of the program.

Inadequate Response Mechanisms:



Whether by failing to respond promptly or by overreacting to reports, organizations risk alienating whistleblowers and discouraging future reporting. Establishing clear and consistent protocols for responding to reports is essential for maintaining trust and credibility.

Inconsistent Remediation Practices:



Failing to address reported issues consistently and appropriately can erode confidence in the whistleblower program and perpetuate a culture of impunity. Organizations must prioritize timely and effective remediation measures to demonstrate their commitment to integrity and accountability.

Not Reporting to The Board At Least Quarterly:



Whistleblower reports often provide valuable insights into organizational culture and compliance risks, making regular reporting to the board essential for oversight and decision-making. Organizations should aim to provide comprehensive reports to the board at least quarterly to facilitate informed governance.

Not Using Data for Audit Planning or Other Compliance Efforts:



Whistleblower data often serves as a valuable resource for identifying areas of non-compliance and guiding audit planning efforts. Organizations should leverage this data to inform risk assessments, compliance initiatives, and internal audit processes effectively.

Only Offering Telephony:



Limiting reporting options to telephony channels alone may deter most employees from utilizing the whistleblower program, thereby reducing its effectiveness. According the 2024 ACFE Report to the Nations, 77% of reporters used online mechanisms to report misconduct (web and email). Offering multiple reporting channels, including online platforms and anonymous submission options is critical.

Forcing Login Before Submitting Report:



Requiring whistleblowers to log in before submitting a report can create unnecessary barriers and deter individuals from coming forward with valuable information. Organizations should prioritize anonymity and confidentiality by allowing anonymous reporting options wherever possible.

In conclusion, optimizing the effectiveness of a whistleblower program requires a multifaceted approach that addresses operational deficiencies and promotes a culture of transparency and accountability. By avoiding the pitfalls outlined above and implementing best practices, organizations foster trust, mitigate risks, and uphold their commitment to ethical conduct and integrity.