

Whistleblowing: Changing the culture - the role of hotlines

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Australia

Setting the scene

- Few private sector hotlines
- Hotlines themselves are not the answer. They are part of a holistic approach to managing unethical behaviour
- By their nature they are against the Australian culture of 'dobbing'

KPMG's Approach - FairCall

- An anonymous reporting hotline commenced Nov 1998
- Established to provide an alternative reporting channel for management and staff
- Staff have access to 1800 toll free number to report suspicions of fraud and/or unethical behaviour
- Callers are interviewed on the phone by Forensic investigators
- Confidential report provided to designated senior manager, or alternate, for action

Main Benefits

- Demonstrates good risk management
- Acts as a deterrent
- Facilitates early detection
- Facilitates prompt action
- Assists in cultural change
- Increases employee awareness
- Assists management in knowing what is going on

Main Concerns

- External party finds out what is going on first
- Risk of vexatious allegations due to anonymity
- Report is difficult to follow up due to anonymity
- Scope and nature of calls may be unlimited
- Cost

Observations

- 'Walk the talk' - Implementation must be driven from the top
- Ongoing awareness of the hotline is important
- Independence is important to callers
- Callers indicate that they have 'tossed and turned' before making the call. 'Dobbing' is still a concern for Australians
- Disillusionment of whistleblower if action is not taken

Calls Received

Most significant calls included allegations of:

- Rotting of sales commissions
- Sexual harassment
- Collusion amongst employees to steal stock
- Contractor fraud
- Price discrimination
- Purchases for personal use
- False invoicing fraud
- Nepotism leading to inappropriate appointments and inefficiencies
- Drug selling onsite

Conclusion

- It is still early days
- Hotlines have uncovered significant levels of unethical behaviour
- They do have a role in changing the culture of an organisation