



A SURVEY BY
the Society of Corporate
Compliance and Ethics
and the Health Care
Compliance
Association

APRIL 2014

Helpline Calls and Incident Reports



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Introduction

Not since 2002, when *Time Magazine* dubbed whistleblowers the person of the year, has there been so much interest paid to blowing the whistle. Many fear that incentives for whistleblowers from the U.S. federal government will encourage employees to circumvent internal reporting. Reports that the SEC whistleblower office is receiving thousands of calls only add to the concern.

This has provided encouragement for organizations to advertise their internal helplines more, and to reassure employees that they are safe in raising issues on helplines or directly to managers or the compliance department.

A survey was fielded in April 2014 to determine if reports to helplines were increasing. A 2011 survey by the Society of Corporate Compliance and Ethics (SCCE) and the Health Care Compliance Association (HCCA) demonstrated that 90% of compliance professionals surveyed reported that their employer had a helpline, and that was true of 99% of publicly traded companies. The question now was whether the increased attention paid to whistleblowing had led to increased reporting of incidents.

The survey also explored the trustworthiness of anonymous reports. According to the NAVEX Global *2014 Ethics and Compliance Hotline Benchmark Report*, a substantial 60% of helpline reports are made anonymously.

Executive Summary

The survey revealed that over the last two years employees are reported to have grown more likely to come forward and raise concerns both through whistleblower helplines and directly to management and/or compliance officers. This is particularly true in publicly traded companies, which saw a larger increase than other ownership structures. Face-to-face reports particularly saw an increase.

Employees seem to still prefer reporting incidents internally, with only a small percentage of survey respondents reporting an increase in whistleblower suits against their organization.

HELPLINE CALLS & INCIDENT REPORTS

A survey by the Society of Corporate Compliance and Ethics & the Health Care Compliance Association

HCCA

SCCE

WHISTLEBLOWER SURVEY

VOLUME OF CALLS

We asked how the volume of calls to company helplines has changed in the last 2 years...

ALL RESPONSES

37%



for all organizations, 37% report a increase in the volume of helpline calls

PUBLICLY TRADED COMPANIES

56%



56% of publicly traded companies report an increase in helpline calls

ANONYMOUS CALLS

70%



70% of all respondents reported that the amount of anonymous calls to their helplines has remained the same



ARE ANONYMOUS REPORTS TRUSTWORTHY?

Opinions are split as to the trustworthiness of anonymous reports.

Same as those that give their name (39%) | Much higher (2%) | We asked: What is the substantiation rate of claims made anonymously?

Somewhat higher (7%) | Somewhat lower (20%) | Much lower (15%) | Don't know (17%)



VOLUME OF ALL REPORTED INCIDENTS

Incident reporting via all means, including directly to supervisors, has increased substantially, even more so than through helplines. Below are responses to the question: how has the volume of reported incidents via all means (reporting to supervisors, helpline, visits to compliance) changed in the last 2 years?

PUBLICLY TRADED

66% INCREASE

While 28% of public companies had incident numbers that stayed the same, 66% saw an increase.

EVERYONE

58% INCREASE

While 35% of all organizations surveyed had incident numbers that stayed the same, 58% saw an increase.

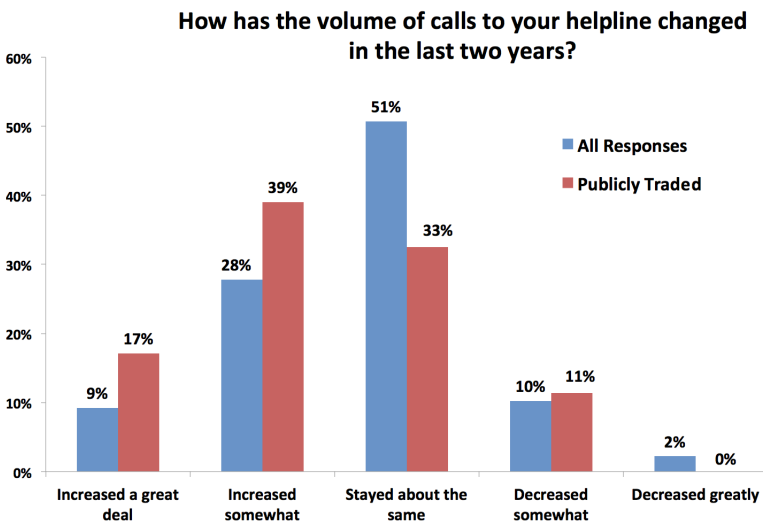
BOTH

6% DECREASE

6% of each group saw incidents drop

Key Findings


- While most survey respondents (51%) report that the volume of calls to their helpline has remained unchanged over the last two years, there does appear to be a trend towards more reporting, especially among publicly traded companies. Overall, 37% of organizations reported the volume had increased somewhat or a great deal in the last two years vs. just 12% reporting a decline. This trend was more extreme in publicly traded companies. Just 33% reported that volume had stayed about the same and 56% reported an increase, with 17% reporting that call volume had increased a great deal.
- It should be noted that an increase in calls to the helpline is not always a sign of trouble. Greater awareness of the helpline and increased trust in the compliance department can both lead employees to feel more comfortable raising issues.




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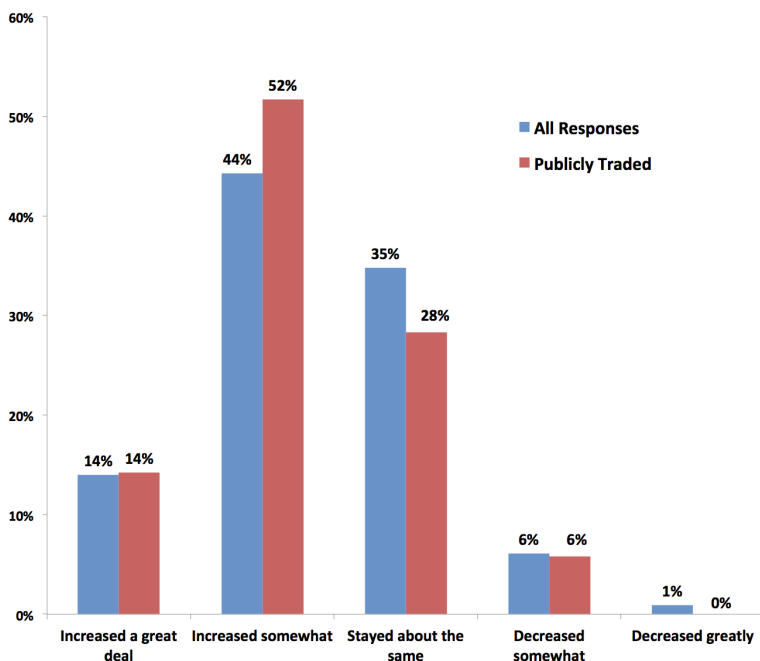
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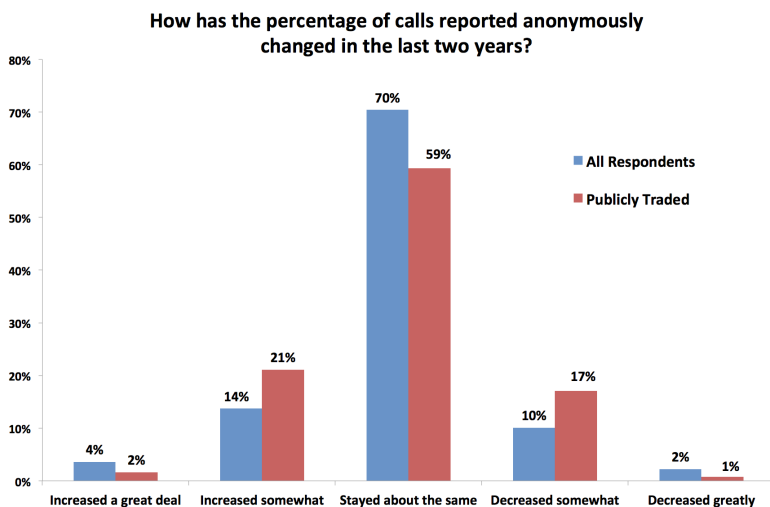
- **Incident reporting via all means, including directly to supervisors, has also increased substantially, even more so than through helplines.** Just 35% of respondents said incident reports have stayed about the same over the last two years, compared to 58% reporting an increase. And, notably, 14% reported that incident reports had increased a great deal. Once again, for public companies the numbers were more dramatic, with 66% reporting an increase.

How has the volume of reported incidents via all means—reporting to supervisors, helpline, visits to compliance—changed in the last two years?



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- While the number of incident reports is increasing, the percentage being reported anonymously does not appear to be increasing as steeply. The vast majority of respondents (70%) reported that the percentage of calls reported anonymously had stayed the same. The percentage of respondents reporting an increase (18%) was higher, but not greatly so, than those reporting a decrease (12%). However, here, too, publicly traded companies showed very different numbers. Just 59% reported that numbers had stayed relatively constant, and 23% reported an increase vs. 18% reporting a decrease.



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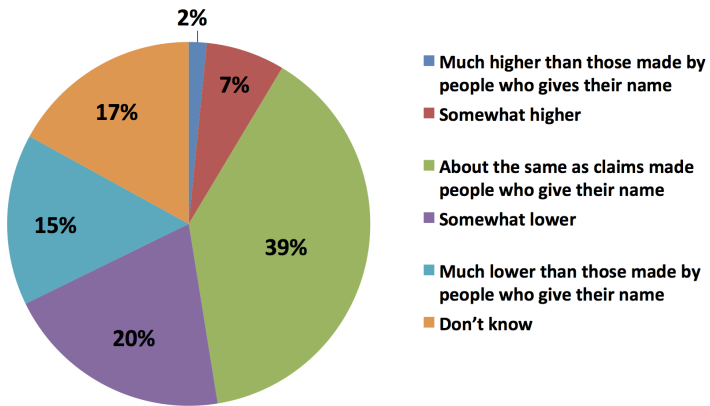
- Despite the fear of a spike in whistleblower claims against the company, just 6% of respondents reported an increase in claims. Notably, the numbers were similar for publicly traded companies.



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- **Opinions are split as to the trustworthiness of anonymous reports.** Anonymous reports were reported to be substantiated at about the same rate as non-anonymous reports by 39% of respondents. They were reported to be substantiated more often by 9% of respondents, but less often by 35%, and another 17% didn't know. There were no striking differences in the response rates by ownership type.

What is the substantiation rate of claims made anonymously?



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Conclusions/Implications

- **The increased attention on encouraging employees to report wrongdoing does seem to be having an impact on employees, although not in the way that many feared.** More are reported to be willing to come forward, either through the company helpline or in person, when they see something they perceive to be wrong.
- **Fears of a stampede of whistleblowers running to the government appear to be overblown, at least so far.** The data indicates that companies are not seeing a dramatic spike in qui tam lawsuits, although it should be noted that those suits may have been filed but are still under seal. Nevertheless, it appears, at least to date, that employees are trusting their employers to respond to issues when they are formally reported.
- **It will now be critical for organizations to respond effectively and expeditiously to the increased employee reports of wrongdoing.** If responses languish, if allegations are not reviewed, if those making allegations are not communicated with effectively, employees may quickly lose faith in their employer and turn to outsiders, including qui tam attorneys and the government, when they see wrongdoing.

Methodology

Survey responses were solicited and collected during April 2014 from compliance and ethics professionals in the database of the Health Care Compliance Association and the Society of Corporate Compliance and Ethics. Responses were collected and analyzed using SurveyMonkey, a web-based third-party solution. A total of 677 responses were received.