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What is your ethics hotline telling you about compliance risks?

By Miguel Rueda, MBA, CCEP, CFE, CIA, CRMA

Miguel Rueda (mruedaccep@gmail.com) is responsible for managing the ethics reporting program in a global enterprise based in Canada.

I have been reading, triaging, and investigating ethics line reports for more than 15 years, and during this time, I have been fortunate to take part in the development of many ethics strategy initiatives, including the setup of internal reporting processes from original implementation to reasonable levels of maturity.

If your company has strong ethics, a robust code of conduct, investigating protocols, and disciplinary procedures, why does it need an ethics reporting line? Many times, the ethics line does not get a proper level of appreciation and care, often viewed as just a system to receive confidential reports. It is, however, an essential part of a robust compliance program and the greater organization. Indeed, it is much more than just a tool for whistleblowers, so I use the term "ethics line," opposed to "whistleblower line" (other alternative terms include "help line" and "integrity line," among others).

With the compliance professional's help in turning the ethics line from a necessary evil into a strategic tool that can provide insight and measurable benefits, an organization can achieve maturation. This article will provide recommendations for how to effectively manage your ethics reporting program and demonstrate its value.

Revealing organizational indicators

During training sessions, I sometimes ask participants, "Do you know why we have an ethics reporting line?" Often someone will answer, "Because regulations require it." Other individuals might say, "It is a best practice." It is relevant to note that a confidential reporting structure is one of the components identified by the United States Department of Justice as a factor to consider when evaluating adequacy and effectiveness of compliance programs.[1] But in addition to being a requirement, your ethics line can help you flag indicators that may not necessarily be evident to your organizational leaders. Furthermore, using data to evaluate these behaviors can lead to potentially more accurate understanding of what the reports are telling you. Consider these two scenarios:

- Scenario #1: *Too many* reports were received on the ethics line last year. Management interprets this as an indication that **things are out of control**.
- Scenario #2: *Very few* reports were received on the ethics line. Management interprets this as an indication that **employees do not trust the line**.

Both scenarios are possible, but they present a rather negative picture of what is happening in the organization.

For Scenario #1, imagine now that you have reviewed data from several inputs, one of which is your ethics line. Let us suppose that, in this case, all this information refers to the same matter in a particular area, and this is the same area identified in the ethics reports. In this case, *too many* reports would not indicate that things are out of control in the entire organization; instead, it may help you detect an area that needs attention.

Regarding Scenario #2, imagine that data from your ethics reports over time indicates several reports that were fully investigated and led to adequate corrective action. Under these circumstances, *very few* reports received could possibly be an indication that employees are satisfied with the outcomes.

Evaluating ethics reports along with other inputs will help your organization better understand areas of concern.