Whistleblower systems are an integral part of today’s accountability solutions for organisations operating internationally, recognising that employees are every organisation’s first line of defence in the fight against corruption and fraud.

In 2016, Accountable Now tasked the Direct Impact Group with an assessment of 40 international CSOs in six different areas of accountability. The study demonstrated achievements of the civil society sector, as well as addressed areas with need for significant improvement in CSO accountability. Based on the results of this study and the identified best practice, we have brought together four top CSO accountability experts from World Vision International, Direct Impact Group and CBM to share their first hand experience in the design, implementation and establishment of whistleblower systems.

Read the excerpt of the interview about opportunities, alternatives, risks, challenges and best practices of whistleblower systems.
What is a whistleblower system and why is such a system important?

Markus Hesse: The fight against fraud and corruption is a very important topic for any organisation, be it businesses or civil society organisations. With increasing complexity of operational processes in international organisations, we also see a growing temptation for misuse of funds.

We distinguish two ways an organisation can detect fraud and corruption: The first are controlled systems and processes like supervision, authority structure, or rotation of personnel. The second, accidentally through internal/external tip-offs, or simply by pure accident.

A whistleblower system offers an anonymous communication channel, which allows every stakeholder, be its staff, local partners, beneficiaries, suppliers or the public to establish contact with the organisation’s internal audit function and to share their observations, so that internal audit can clarify the issue.

Recent cross sectoral studies have shown that more than 70% of fraud and corruption cases are detected by internal and external tip offs. Supervision, rotation of personnel and internal audit combined initiated investigations in less than 20% of all detected cases. As you can imagine, protection is very important for any witnesses. An effective whistleblower system provides witnesses with a secured communication line to investigating accountability teams.

What was the main reason for World Vision International to decide for such a system?

Robert Nelson: We had tried hotline services, but there was a huge barrier for our staff to use telephone hotline and report on witnessed fraud. International toll free numbers were not an option. When fraud happened in remote areas in Africa, calling a toll free number in the UK was a huge barrier to reporting fraud. Using a phone hotline was not an option and in our experience this cannot be fully reliable system for offering people access… whereas, web based online reporting systems seem to be the preferred method. Over the years, internet access for web-based solutions has increased dramatically, even in remote areas. Our basic idea was to encourage reporting. Needless to say, World Vision was not getting anywhere with a hotline, which was based in the UK. The volume of reporting was almost non-existent.

The incident of a corruption case in 2007 triggered the decision to implement a web based system. We looked at the underlying causes for corruption and re-evaluated the hotline programme. That’s why World Vision International mandated the implementation of a new web based system.

In addition to our web based solution, we have online reporting options along with international calling options, and a number of programmes to promote awareness of these tools. Regular audits are conducted to check for employee awareness about the whistleblower system.

And how about CBM? What triggered your decision?

Richard Ongera: Like many other international operating CSOs, CBM works in different cultural set-ups. In some cultures, it is not quite the norm to call someone out and report fraud. Of course, there is a fear of being exposed. In that regards, online systems can help witnesses to report fraud in an anonymous way. A web based system has no limit to complaints or access.

Another reason was that at that time, we reworked our accountability processes and systems in order to comply with the INGO Accountability Charter. We saw the need for a system that helped our organisation to detect fraud by providing access to a complaint system in an easy and available manner at all times. We compared different solutions and decided like our colleagues from World Vision International, as well for a web based solution.
What different kinds of systems are there?

Markus Hesse: In the research for our study last year on excellence of CSO accountability, we compared over 40 leading international civil society organisations and basically found four different kinds of systems: External hotline providers as Robert described, internal complaint email addresses, web based solutions as Robert and Richard mentioned, and also ombudsmen services. These are usually provided by law firms, often offered pro bono, providing a contact outside of the organisation, who can be contacted by anybody, who has witnessed irregularities. Unfortunately these ombudsman services hold a high inhibition threshold.

For a staff member in a country office like e.g. Ecuador, India or Tanzania, it takes a lot of courage to call an ombudsman in the US or in Europe and to trust such a contact person by providing personal contact information. Yes, such systems may be enough to tick the box on any compliance check list, but frankly speaking, it seems that CSOs using such services are rather interested in being seen to fight against fraud and corruption than actually doing work to get results in the fight against corruption.

Did you have any concerns?

Ryan Greer: Yes, of course there were concerns. One of the main concerns was, what kind of culture are we creating within the organisation? Are we creating an avenue to escalate issues outside of the normal reporting lines? Are we asking people to bypass normal reporting lines? We did not want to encourage people to use the whistleblower hotline in situations where it would have been more appropriate to have a direct conversation with their manager. Because of the ability to make anonymous reports we were worried that the hotline could be misused as a complaint mechanism rather than addressing important issues of possible corruption or fraud. Also we wanted to preserve a close and personal dynamic amongst teams while still providing individuals with the option of reporting through a web-based solution.

Robert Nelson: There was a concern about the volume of complaints going up and the potential problem of getting overwhelmed with a high number of complaints. Therefore we phased the roll out and started implementing the system one region at a time, testing the depth of the waters and looking at the responses.

Considering the cultural dynamics was very important, while introducing the new system.

“Anti-corruption training helped CBM to use the web-based whistleblower system. That worked very well. Today the system is established and used.”

Richard Ongera. Senior Accountability Officer. CBM.
Richard Ongera: One or two. Issue of false or unsubstantiated accusations being reported was also concern for us. By using better judgement and reading the complaints we tried to solve the issues of wrong or unsubstantiated complaints. CBM has not had major complaints so far. There were two smaller ones where the witness stopped responding to the questions from our investigators sent to his anonymous inbox.

Did you have to change any policies of your organisation?

Richard Ongera: We did not have to make any changes to policies, since CBM had just adopted a policy for the prevention of corruption and fraud. So, most changes which were required due to the introduction of the web-based system were covered by existing policy.

Robert Nelson: Also for us, the system did not have a major impact on our policies. The most significant ones were going through the anti-corruption policy references to instruct people on how to use whistleblower system, and how to access it.

How did CBM staff respond to a web-based system? How did you manage the buy-in of your staff?

Richard Ongera: We could not know employees’ reaction to web-based whistleblower system because there were no complaints being reported as expected.

What CBM did was to sensitise staffs about the web-based system by conducting trainings and workshops. Anti-corruption training helped CBM to use the web-based complaint management system. That worked very well. Today the system is established and used.

What were the biggest issues in the implementation phase? How did you manage to overcome any challenges?

Robert Nelson: Biggest challenge was cultural acceptance to the system. Even having high employee awareness about the system in World Vision, still the organisation did not receive any complaints from certain programme countries. Maybe it was because of the different cultural perspectives, but it did not provide us any comfort, since we were looking for identifying issues in operations.

One of the biggest obstacles was employee concerns about retaliation, particularly in cultures where retaliation by managers may be considered ordinary business practice.

Providing assistance and support to the whistleblower and assuring them that the organisation is 100 percent dedicated to protecting people against retaliation was important, in addition to offering anonymous reporting as an option.

Also, communicating to employees that their organisation takes every complaint very seriously. That helped a lot, encouraging staff that the hotline is a reliable mechanism in the event it is needed. I think that is very important.

How are the results so far?

Richard Ongera: We started the web-based whistleblower system in 2014. The first year was bit slow, once we started sensitising people about the new system, gradually we started receiving complaints.

Today the results are good and we came to know about things that we would have never known without the web-based system. It has helped us as an accountable organisation, as good stewardship of entrusted resources is a high value of our organisation. We now do not play catch-up anymore with the fraudster in the field. So, I would say, that the results are very encouraging.

Study “Trust” in 2016, comparing 40 leading CSOs in six different areas of accountability.
“Changing cultural dynamics that the new system may create within the organisation was mostly pondered over questions”.

Ryan Greer. Advisor - Enterprise Risk Management. World Vision International

Robert Nelson: Personally, I would like to see more complaints. The volume of complaints is lower than what we expected, since we launched the programme. Its a good investment and we would not go back on it.

From the management point of view it is great to have complaints upfront and to have the option to decide if a complain is credible enough to warrant an investigation, or not.

Ryan Greer: We definitely want more people to be aware of the hotline and to feel comfortable using it for reporting across the organisation. It is very encouraging to see positive results in some areas after a successful investigation that shows that we are concerned with protecting our employees and ensuring each case gets followed up on appropriately. It is encouraging to see people trusting the hotline and to see people who are willing to come forward with issues that are important to the work we are doing around the world.

Considering the resources, time and energy spent in order implement such a system, would you do it again?

Markus Hesse: Good question. Yes, absolutely. I’m not aware of any example, where an international CSO regrets to having established a professional whistleblower system. What is important in regards to change management on such a project, is to have a high emphasis on the aspect of organisational culture. In my experience, introducing any whistleblower system is not just an IT solution. It is a people solution and this should be reflected in the implementation as well.

Robert Nelson: Today, I might do it differently, but yes definitely. It’s been a worthwhile investment compared to other operational expenditures. It is good to know that we are in line with the sector’s best practice and we have this option that provides assurance to our beneficiaries, donors, staff, management, and board, that we take the use of our resources seriously.

In terms of return on investment, I think, not to mention the cost-savings we have from investigating and dealing with these issues when they come to light, the return on investment has been high, considering what we invested and what we get out of it. So absolutely, yes I would do it again.

Richard Ongera: Oh, Yes! I would do it all over again, I agree with what my colleagues said. May be as a lesson learnt, I would probably do it slightly different, but definitely yes with same kind of investment. From my experience, there is no other alternative.

What are the pitfalls of the system? What advise do you have for other organisations?

Robert Nelson: As our programme matures and as we get more and more experiences over the years, the concern raised by some in leadership about the potential problem with a high number of unsubstantiated cases which consume our resources, did not materialise. Sometimes an investigation can take considerable time and effort, and leadership is right to question the value, particularly when allegations are unsubstantiated. Overall though the commitment to our donors and our core values has justified the cost/benefit and we continue to receive strong organisational support. It is important to look at the facts and reports to see the added value. This is something to be aware of, as well as, focus on people as Markus said.

This interview has been conducted on 20th February 2017 via Skype by Ronald Pinto, Senior Consultant at Direct Impact Group, New Delhi, India.
Contact: ronald.pinto@direct-impact-group.com.

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Auckland, New Zealand
Managing Partner Europe: Markus Hesse
Visit us: www.direct-impact-group.com

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