

**NAVEX** GLOBAL®  
The Ethics and Compliance Experts

# 2015 Ethics & Compliance Hotline Benchmark Report

Data & Analysis to Help You Benchmark Your Programme Against  
the World's Largest Ethics & Compliance Hotline Database—and  
Enhance Your Ethics & Compliance Programme Effectiveness

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# TABLE OF CONTENTS

- I. 2014 Ethics and Compliance Hotline Benchmark Report: Statistical Snapshot of the NAVEX Global Dataset
- II. NAVEX Global Calculates Benchmarks Differently
- III. Executive Summary
  - 1. Report Volume per 100 Employees
  - 2. Report Allegation Categories
  - 3. Repeat vs. First Time Reporters
  - 4. Anonymous vs. Named Reporters
  - 5. Reporter Follow-Up Rate to Anonymous Reports
  - 6. Substantiated Reports
  - 7. Substantiated Anonymous Reports
  - 8. Case Closure Time
  - 9. Report Intake Method
  - 10. Reports of Retaliation
- IV. Benchmark Findings
- V. Conclusion
- VI. About NAVEX Global's Ethics & Compliance Solutions
- VII. About the Authors
- VIII. About NAVEX Global

Each year, ethics and compliance professionals gather and analyse report data made through their numerous reporting systems. The way the data is segmented may mean the difference between identifying a problem early or just having a collection of tables and charts with little context for departments, boards or senior executives to interpret and take action.

A greater perspective on a company's culture and effectiveness of its ethics and compliance programme can be seen with comprehensive analysis of reports alleging misconduct and the questions posed about company policies. The challenge however, in hotline (also referred to as a helpline or ethics line) data analysis and reporting is that there is no right number of total reports or reports about specific incident types. Each organisation and industry faces different risks which are reflected in the variety of concerns raised by employees.

NAVEX Global, through our delivery of intake services and incident management systems, has access to the world's largest and most comprehensive database of reports and outcomes. This data (with all identifying characteristics removed) has allowed for the creation of industry leading benchmarks and historical trends.

This report reviews all-industry benchmarks created using data from all participating companies 4,600, in the NAVEX Global database and should serve as an excellent starting point for companies wishing to assess their organisation's reporting data—and help equip them to make informed decisions about programme effectiveness, potential problem areas and necessary resource allocations.

#### **For each benchmark provided and discussed in this report you will find:**

- A description of the benchmark
- How to calculate the benchmark
- The 2014 combined data for all industries in the NAVEX Global database
- Historical trends
- Key findings and recommendations

As a best practice, companies should also benchmark their hotline data against peers in their industry. NAVEX Global offers this service through our Integrity Diagnostics™ solution. Our Integrity Diagnostics reports provide industry-specific benchmarking data for 26 industries and 45 sub-industries, along with actionable recommendations for improvement from our Advisory Services team.

Learn more about NAVEX Global's Integrity Diagnostics solution at [www.navexglobal.com/uk/services/advisory-services](http://www.navexglobal.com/uk/services/advisory-services)

### **Trust NAVEX Global's Integrated Ethics & Compliance Solutions**

NAVEX Global helps protect your people, reputation and bottom line through a comprehensive suite of ethics and compliance software, content and services. The trusted global expert for 8,000 clients, our solutions are informed by the largest ethics and compliance community in the world. Compliance professionals trust our solutions to manage risk, increase E&C programme effectiveness and create a strong organisational culture of ethics and respect.



Starts with  
**8,000+**



**NAVEX GLOBAL**  
**CLIENTS**

More than  
**4,600**  
**CLIENTS**



used our



hotline and



incident  
management  
systems

in **2014**

More than  
**2,100**  
**CLIENTS**



representing



**32 MILLION**  
**EMPLOYEES**  
received

**10** or more  
**REPORTS**  
in **2014**

These clients received  
**730,000+**  
**REPORTS**  
in 2014

representing  
**98%**  
of our



**TOTAL**  
**REPORT**  
**DATABASE**

We have analysed  
**2.2 MILLION**  
**REPORTS**

OVER THE PAST  
**YEARS**

**5**

OUR DATA COVERS  
**26** & **45**  
**INDUSTRIES** & **SUB-INDUSTRIES**

Report reflects all  
intake methods



web



hotline



open door



walk-in



mobile



email

**MOST STATISTICALLY ACCURATE APPROACH**

we use



**MEDIANS**  
[OR MIDPOINTS]

**0.9**  
Median

rather than averages to  
**reduce** the impact of outliers

we calculate



Range

**RANGES**

to help identify extreme data points  
as potential areas of concern

**MEDIANS**  
**AND RANGES**

provide context for your  
individual benchmarks

## II. NAVEX GLOBAL CALCULATES BENCHMARKS DIFFERENTLY

The primary, and simplest, method that other data providers often use to generate their compliance hotline benchmarks is to pool data generally by industry and calculate the average result for each given metric. The problem with this method of benchmarking is that it does not account for outliers, such as companies with an extremely high or low call count or a large or small employee population. As a consequence, the data is generally skewed away from the bulk of the companies and towards the outliers.

Rather than viewing the dataset as belonging to one large company, **NAVEX Global equally weighs the data of all companies with significant data** (meaning those companies that have received 10 or more reports in the calendar year). Instead of calculating the average result of all companies combined, we calculate each metric individually for each client in our database. Once calculated, we determine the median rate among all companies, or companies of a given industry or size. This method paints a clearer picture of what is actually happening at most companies in that specific grouping.

There is no “right” answer concerning reporting hotline data. We not only provide a median data point in our benchmarks, we also provide what we consider to be a healthy or normal range of results where appropriate. Falling within the “normal” range means a company is on par with averages for companies in our database. Falling outside the normal range is a signal for a company to take a closer look in a particular area to determine whether additional resources or investment is necessary to address a potential issue.

*Note that, for statistical accuracy, we only included organisations who received 10 or more reports in 2014 in our analysis. For 2014, our database included 2,184 participating clients (with 10 or more reports) who received a total of 730,912 reports. These reports represent 98 percent of our total report database.*

### III. EXECUTIVE SUMMARY

This year's analysis of our data from more than more than 4,600 hotline and incident management participating clients revealed several key points ethics and compliance professionals can use to benchmark and assess their programme's performance, and move toward predictive risk mitigation. Of particular note in the 2014 data:

- **The five-year trend of rising report volume continues.** The increase year-over-year may not look major, but the 2014 median of 1.3 is a 44 percent increase in *Report Volume per 100 Employees* from 2010. This trend is likely the result of increasing maturation of E&C programmes—as well as additional awareness of whistleblower cases and protections. Overall, it's a promising sign that E&C programmes are moving in the right direction: encouraging employees to report misconduct internally so it can be investigated and addressed.
- **Case Closure Times continue to climb.** From a median of 36 days in 2013 to 39 days in 2014, *Case Closure Times* continue to creep up. This is an issue for multiple reasons; two of the most significant are the erosion of employee trust as time passes with no action on a report, and the threat of getting too close to the waiting period for reporting to external regulatory bodies. Organisations should take this as a warning sign to ensure there are sufficient resources to keep *Case Closure Times* under control.
- **Low rate of anonymous reporters who follow up with their initial report still worryingly low.** With a 33 percent median for 2014, this data point is higher than it's been since we started our report. (The median was 31 percent in 2013 and 30 percent in 2012). However, the relatively flat data point indicates that organisations have work to do to communicate the responsibilities of anonymous reporting. Namely, employees must be trained on the critical need to follow up with their own report and cooperate with investigators (anonymously if they choose to remain so) to ensure a full investigation of any allegation.
- **Substantiation Rates hold some interesting trends:**
  - » **Substantiation Rates for Reports of Retaliation jumped from a consistent 10-12 percent to 27 percent.** If this number is not an anomaly and continues to increase, it will soon approach the 40 percent *Substantiation Rate* (which remained the same for 2013 and 2014) for cases overall. This significant increase is, hopefully, a sign that E&C programmes are taking a more serious approach to managing and investigating allegations of retaliation.
  - » **Substantiation Rates for Repeat Reporters are higher than rates for First Time Reporters.** *Repeat Reporters* have a *Substantiation Rate* of 42 percent; *First Time Reporters'* rate is 38 percent. Compliance professionals need to continue to be careful not to let bias against *Repeat Reporters* affect their investigation of allegations made by this group. As the *Substantiation Rate* reflects, *Repeat Reporters'* allegations have a significant probability of being substantiated.
- **Allegations vs. inquires—a new data point to watch.** After fielding multiple requests for this metric from clients, we pulled data from the past five years to determine what percentage of reports made were allegations vs. inquiries. Our database reveals a fairly steady split of roughly 80/20 percent, with allegations being more prevalent than inquiries. Companies whose ratio is significantly different in favour of allegations may want to consider boosting awareness of their *hotline as a helpline* that employees can use to request ethics and compliance information and guidance—not just report misconduct.

As E&C programmes continue to mature, these data points can be part of an organisation's overall scorecard to ensure they are effectively defining and implementing programme initiatives—as well as moving toward the ultimate goal of taking proactive, rather than reactive, actions to help strengthen their organisation's culture of ethics and respect.

## 1) Report Volume per 100 Employees: Another Year-Over-Year Increase

*Report Volume per 100 Employees* is a volume metric that enables organisations of all sizes to compare their total number of unique contacts from all reporting channels (hotline, web forms, fax, email, direct mail, open-door conversations, manager submittals and more).

**HOW TO CALCULATE:** Take the total number of unique contacts from all reporting channels (incident reports, allegations and specific policy inquiry questions) received during the period, divide that number by the number of employees in your organisation and multiply it by 100.

**FINDINGS:** Over the last five years we have seen a significant rise in the reporting rate—a 44 percent increase since 2010. Prior to 2011, the median report volume had remained at or near 0.9 per 100 reports (less than 1 percent) for many years. The consistency of the higher rate over the last four years indicates that this increase is not an anomaly.

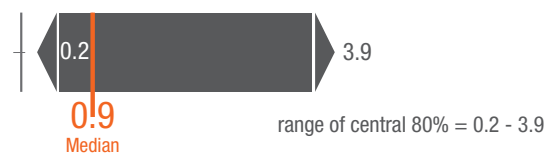
This continued rise in reporting may be attributed to a number of possible trends:

- » Ethics and compliance programmes continue to mature. As a result, employees are more aware of what to report and how to report it.
- » Increasing employee confidence that reporting will make a difference.
- » More prevalent media coverage of employee rights and whistleblower protections, lawsuits and awards.
- » Board and executive leadership being held more accountable for ensuring that ethics and compliance programmes go beyond a “check-the-box” approach.

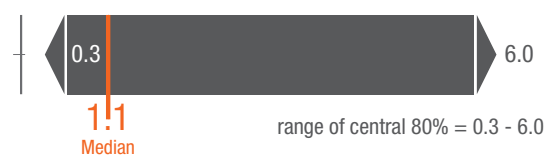
In 2014, the middle 80 percent range expanded significantly with 8.3 as the high end of the range as compared to 4.0 in 2013. This range has not been higher than 6.0 in the last five years.

### How Does Your Report Volume Compare To Others?

#### 2010 Report Volume per 100 Employees Annually



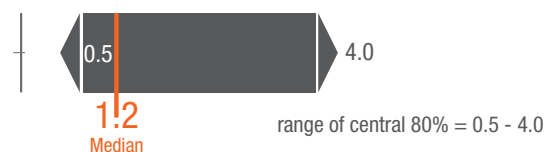
#### 2011 Report Volume per 100 Employees Annually



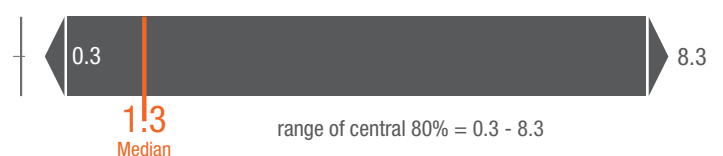
#### 2012 Report Volume per 100 Employees Annually



#### 2013 Report Volume per 100 Employees Annually



#### 2014 Report Volume per 100 Employees Annually

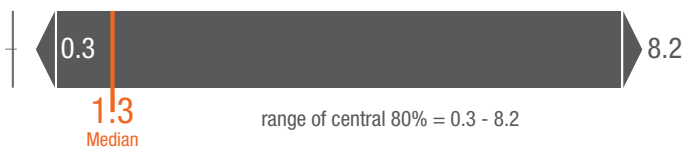


## 1) Report Volume per 100 Employees (continued)

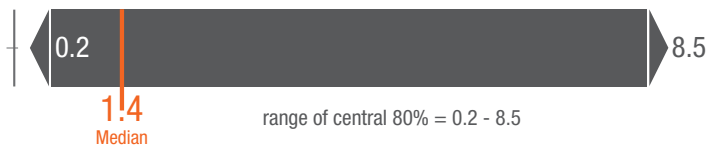
We wanted to determine whether the increase in *Report Volume per 100 Employees* was influenced by organisations that use their incident management systems to track all reports—not just reports to their hotline or web intake channels.

**HOW TO CALCULATE:** We calculate this metric by determining how each client tracks reports in their incident management system. Companies that only track reports from hotline and web channels are grouped together. Companies that track submissions from all intake channels (walk-in reports, emails, manager conversations, etc.) are grouped together. Once the two groups are separated we use the same *Report Volume per 100 Employees* calculation as described above.

### Companies That Track only Reports from Web and Hotline



### Companies That Track Reports from All Sources



**FINDINGS:** As this data shows, the 2014 increase in *Report Volume per 100 Employees* is particularly significant because the increase specifically occurred for those companies that *only* track reports received via the web and hotline.

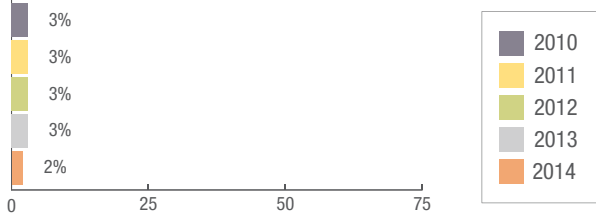
While we encourage all companies to track reports in one unified system for a more comprehensive outlook of cases and cultural health, it is notable the *Report Volume per 100 Employees* increase was only seen in those organisations that track reports in their incident management system from hotline and web channels. It is also notable that these two data sets are coming closer together.



## 2) Report Allegation Categories: Numbers Remain Generally Consistent

The kinds of reports an organisation receives helps provide insight into how well the company's ethics and compliance programme is doing in educating employees about what should be reported and when. We've organised our report data into five allegation categories. This gives us a way to compare (at a high level) the types of reports that different organisations and industries receive. The categories are:

### 1 Median Percentage of Accounting, Auditing and Financial Reporting



### 1 Accounting, Auditing and Financial Reporting

(i.e. financial misconduct, internal controls, expense reporting)

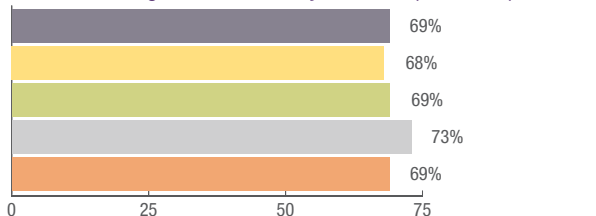
### 2 Median Percentage of Business Integrity



### 2 Business Integrity

(i.e. bribery, falsification of documents, fraud, COI, vendor/customer issues, HIPAA)

### 3 Median Percentage of HR, Diversity and Workplace Respect



### 3 HR, Diversity and Workplace Respect

(i.e. discrimination, harassment, compensation, general HR and cases marked as "other")

### 4 Median Percentage of Environment, Health and Safety



### 4 Environment, Health and Safety

(i.e. EPA compliance, assault, safety, OSHA, substance abuse)

### 5 Median Percentage of Misuse, Misappropriation of Corporate Assets



### 5 Misuse, Misappropriation of Corporate Assets

(i.e. employee theft, time clock abuse)

**HOW TO CALCULATE:** First, ensure that each report is placed into one of the five *Report Allegation Categories*. Then, divide the number of reports in each of the five categories by the total number of reports created during the reporting period.

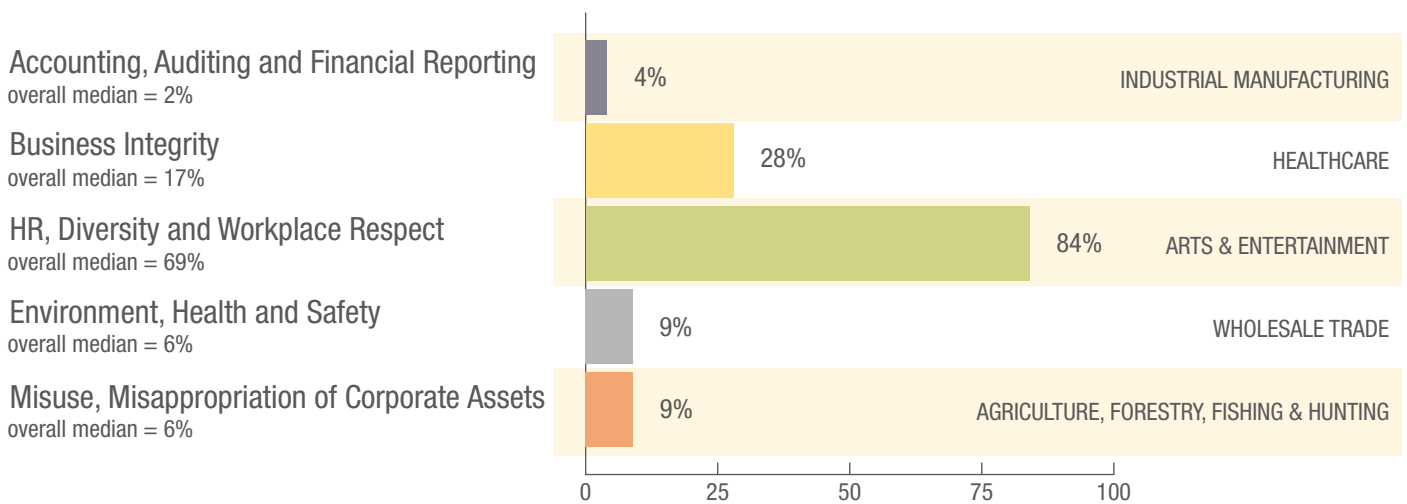
**FINDINGS:** We have seen a relatively consistent trend over the past five years. While issues relating to *HR, Diversity and Workplace Respect* have always been the leading category, this year the median for that category has decreased back to the 2012 median of 69 percent.

## 2) Report Allegation Categories (continued)

### Industries with the Highest Median Reporting Rate per Allegation Category

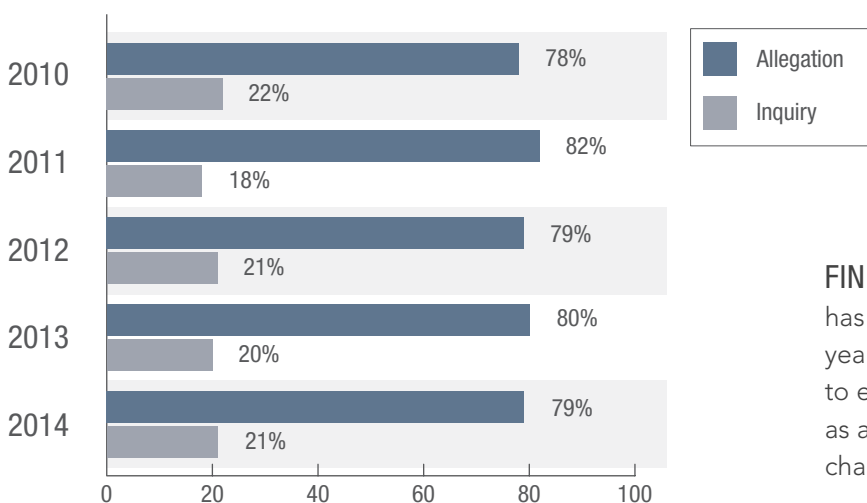
We also reviewed the data to determine which industries received the highest rate of reporting in each allegation category. The *Healthcare* industry received the highest number of *Business Integrity*-related reports—this is likely due to the inclusion of HIPAA-related reports in this category. The *Arts & Entertainment* industry had the highest level of *HR, Diversity and Workplace Respect* reports, exceeding the overall median rate by 15 percentage points.

### 2014 Highest Median Report Rate Per Industry



### Reporter Allegations vs. Inquiries: A New Benchmark to Watch

After several clients requested statistics in this area, we pulled data to see how many reports through all reporting channels were allegations vs. inquiries. These numbers provide a baseline percentage of employees using their hotline for informational purposes.



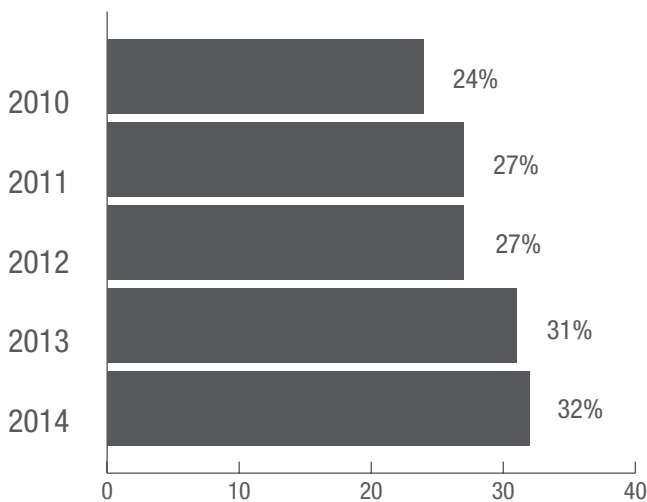
**FINDINGS:** The ratio of allegations vs. inquiries has been fairly consistent over the previous five years. This indicates an opportunity for companies to encourage their employees to see their hotline as a resource for information, rather than just a channel for reporting.

### 3) Repeat vs. First Time Reporters: Rate of Repeat Reporters Continues to Increase and Their Reports Continue to be of High Quality

*Repeat Reporters* are those who self-identify as having previously made a report on a different/new issue. *Repeat Reporters* do not include those who check back on a pending matter.

**HOW TO CALCULATE:** To calculate the rate for *Repeat Reporters*, we look at those from reporters who chose to indicate whether this was their first time submitting an issue or not. Once we have these reports separated from those reports where the reporter did not self-identify, we calculate the average of *First Time* versus *Repeat Reporters* for each company.

#### Median Percentage of Repeat Reporters



**FINDINGS:** The median percentage of *Repeat Reporters* has steadily risen over the last five years and, once again, organisations should not be too quick to discredit *Repeat Reporters*. In 2014, reports from *Repeat Reporters* were substantiated at a rate four percentage points higher than those of *First Time Reporters* as shown in the chart below. Historically, we have seen reports from *Repeat Reporters* substantiated at rates equal to or slightly above their *First Time Reporter* colleagues so this is not an anomaly.

#### Substantiation Rates of First Time & Repeat Reporters

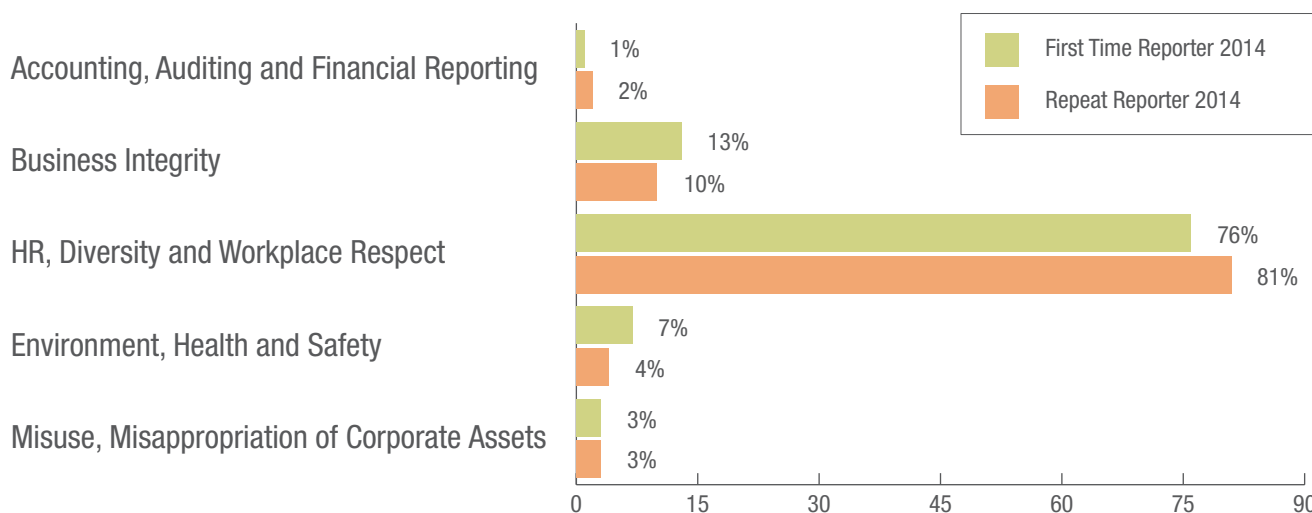
**First Time Reporters:**  
**35%** in 2013  
**38%** in 2014

**Repeat Reporters:**  
**40%** in 2013  
**42%** in 2014

### 3) Repeat vs. First Time Reporters (continued)

Further, *Repeat Reporters* are reporting about *Accounting, Auditing and Financial* issues and *HR, Diversity and Workplace Respect* at a higher rate than the *First Time Reporters*, as shown below.

#### First Time Vs. Repeat Reporters: Median Reporting Rate by Allegation Category



The most significant change in *Repeat Reporters* between 2013 and 2014 occurred in the *HR, Diversity and Workplace Respect* category, rising from 68 percent in 2013 to 81 percent in 2014

#### Potential reasons for the higher Substantiation Rate for Repeat Reporters than First Time Reporters include:

- » Organisations with successful *Repeat Reporters* (i.e. those who are providing accurate and actionable information) are providing clear guidance on the types of issues to be reported and the information needed for a full investigation.
- » These reporters were satisfied with the way the organisation handled their previous report.
- » Organisations are emphasizing the expectation that employees should report any known or suspected wrongdoing.
- » These reporters may only be comfortable raising issues through their hotline, rather than through other established resources. This could indicate a culture or management concern.
- » These reporters could be in a position where they are more likely to witness misconduct.
- » Noting that *Repeat Reporters* are raising more issues relating to *Accounting, Auditing and Financial Reporting* as well as *HR, Diversity and Workplace Respect* these reporters may wish to ensure that their concern is appropriately documented in a formal reporting system in case the issue needs to be reported outside the organisation.
- » Further, if these individuals are in positions more likely to witness financial misconduct, they may believe they are at more risk for retaliation and believe that formal reporting is their best protection.

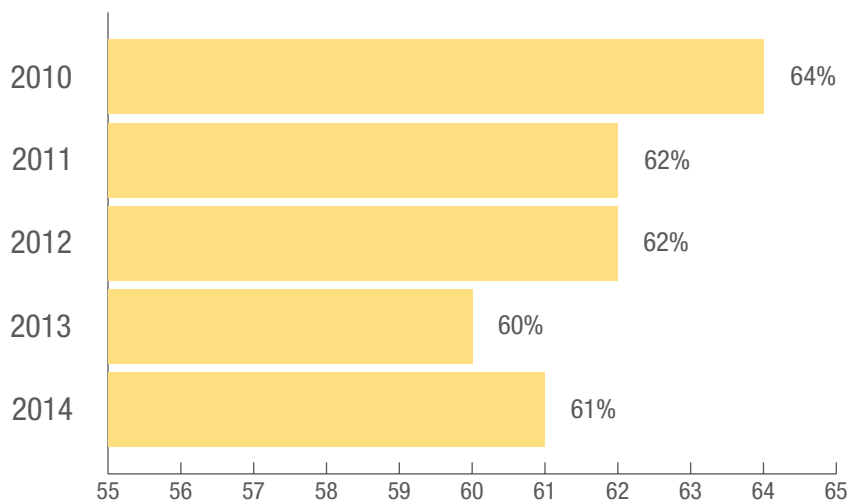
It is important to note that the *Repeat Reporter* metrics only include 239,049 reports, which consist of all reports where the reporter self-identified as repeat or first time.

### 4) Anonymous vs. Named Reporters: Anonymous Reporting Remains Steady

*Anonymous Reporting Rate* shows the percentage of all contacts submitted by individuals who chose to withhold their identity.

**HOW TO CALCULATE:** Divide the number of contacts submitted by a reporter who withheld their identity by the total number of contacts received.

#### Median Anonymous Reporting Rate



**FINDINGS:** In the previous few years we saw a small but steady decrease in *Anonymous Reporting Rates*. In 2013, this rate dropped back to the 2008 median reporting rate of 60 percent. The *Anonymous Reporting Rate* in 2014 rose by one percentage point, but still remains near the earlier lower levels.

#### Last year we noted a few possible reasons for this decline which included:

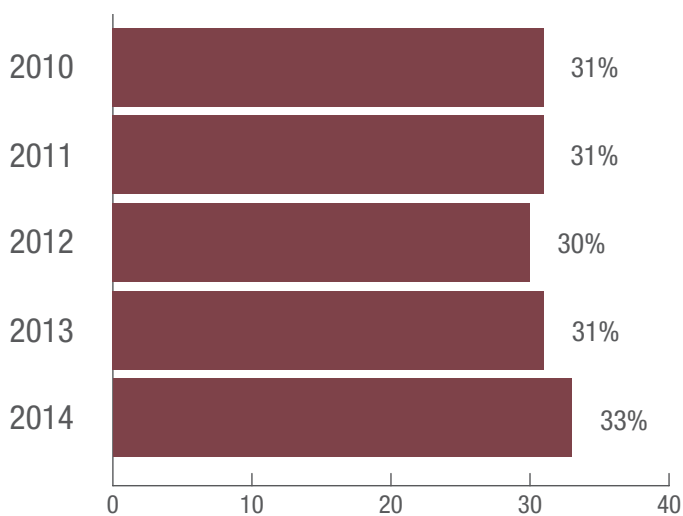
- » Reporters may be feeling more protected from retaliation with all of the recent legislation and focus on whistleblower protections.
- » The *Anonymous Reporting Rate* may have increased during the economic recession period because employees were more fearful for their jobs. With the improving economy, employees may now be more willing to provide their name.
- » There is a growing comfort level with expectations that employees will raise issues when they think something is wrong.
- » With the increase in external whistleblower payments (and the publicity surrounding these payments), reporters may be including their name more frequently in the event they ultimately believe they need to report the issue to a government agency or to ensure they are protected from retaliation.
- » The increase could have been an anomaly.

### 5) Reporter Follow-Up Rate to Anonymous Reports: Little Improvement

The *Reporter Follow-Up Rate to Anonymous Reports* indicates the percentage of reports that were submitted anonymously and that were subsequently followed-up on by the reporter.

**HOW TO CALCULATE:** Divide the number of anonymous reports with one or more follow-ups by the total number of anonymous reports.

#### Median Follow-Up Rate of Anonymous Reports



**FINDINGS:** The *Reporter Follow-Up Rate to Anonymous Reports* has remained flat over four of the past five years. In 2014, the rate increased to 33 percent, which is the highest rate we have seen since we began calculating this data. While it is possible that some anonymous reporters self-identify during the course of an investigation, it is doubtful that this could account for 67 percent of the anonymous reports.

Hotline report intake processes attempt to collect as much information as possible about an incident. But investigators may still have follow-up questions for reporters. Employees need to understand that part of making an anonymous report includes the critical responsibility to check back in on progress using the PIN they received when they first reported. If they don't, they may miss an investigator's request for more information so that an issue can be resolved.

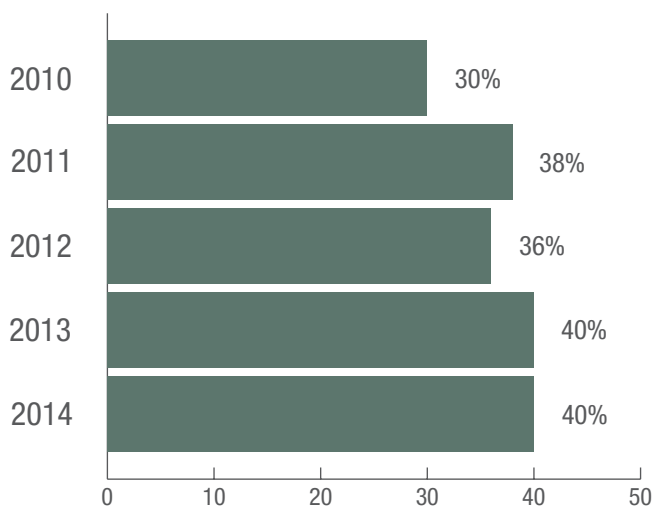
If employees have been well-trained on this process, lack of reporter follow-up could be a culture red-flag indicator. If reporters do not seem to want to know the outcome of matters raised, this could also be a culture red flag.

### 6) Substantiated Reports: Overall Substantiation Rate Remains at an All-Time High

*Substantiation Rate* is a metric that reflects the rate of allegations made which were determined to have at least some merit (substantiated or partially substantiated). A high *Substantiation Rate* is reflective of a well-informed employee base making high-quality reports coupled with high-quality investigations processes.

**HOW TO CALCULATE:** Divide the number of overall reports that are (fully or partially) substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated.

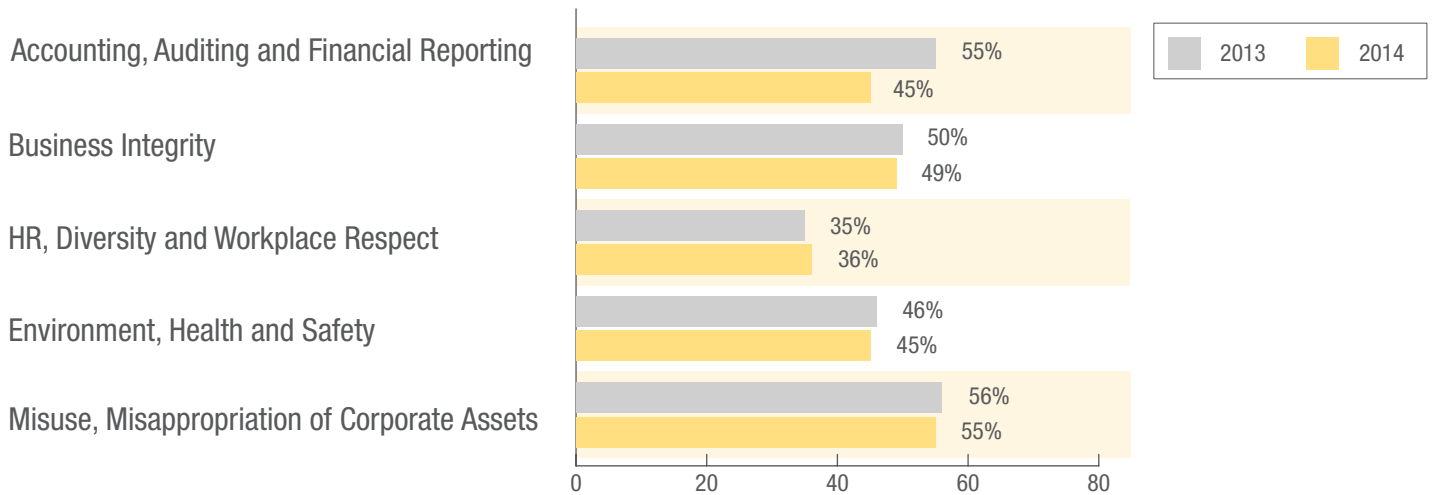
#### Overall Median Substantiation Rate



**FINDINGS:** The *Substantiation Rate* for all reports increased by 10 percentage points in the previous four years and remained at that highest level in 2014. This indicates that organisations are receiving higher quality and more actionable reports and/or are conducting better or more thorough investigations.

## 6) Substantiated Reports (continued)

### Median Substantiation Rate by Allegation Category



**FINDINGS:** Most notable of these findings is that the *Substantiation Rate* for *Accounting, Auditing and Financial Reporting* issues dropped by 10 percentage points over last year and below 50 percent for the first time in several years. The *Substantiation Rate* of all of the other *Allegation Categories* stayed within one percentage point of the 2013 rates. We do note that while the *Substantiation Rate* of reports related to *HR, Diversity and Workplace Respect* is nine percentage points lower than the next lowest category, still, over one-third of these reports continue to be substantiated.

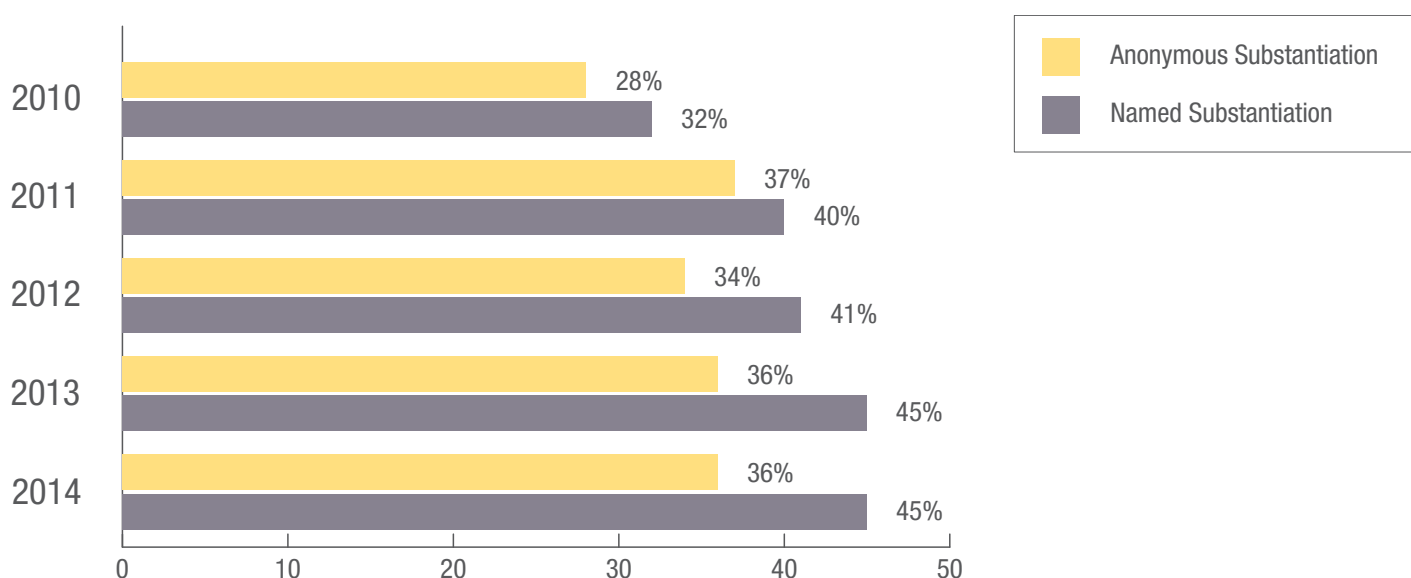


### 7) Substantiated Anonymous Reports: Over One-Third of Anonymous Reports Are Substantiated

Anonymous reports are a foundational element of an organisation's reporting system. A bias can exist among senior leaders and board members against the acceptance of anonymous reports. Many feel as though employees who choose to withhold their identity are doing so because they are making a false or frivolous allegation. Research also indicates this bias often extends to investigators. In our experience, however, names are withheld typically out of fear of retaliation or a desire to not be involved, not because the issue reported is deliberately false or frivolous. Further, these reporters provide valuable information.

**HOW TO CALCULATE:** Divide the number of anonymous reports that are (fully or partially) substantiated by the total number of reports that were closed as substantiated, partially substantiated and unsubstantiated.

#### Comparison of Substantiation Rates between Anonymous and Named Reporters



**FINDINGS:** Despite the previously mentioned potential bias against anonymous reporters among some leaders and even some investigators, the gap in average overall *Substantiation Rate* between allegations made by reporters has remained at nine percentage points or less over the last four years. And, given that over one-third of these reports are substantiated, these reports are valuable and credible.

Investigators' inability to contact anonymous reporters who do not follow-up likely explains some of the gap between *Substantiation Rates* for "named" and "anonymous" reports, but a significantly lower *Substantiation Rate* on anonymous reports could signal something else. We note that the majority of anonymous reports are submitted through third-party channels while nearly all direct contact reports involve named reporters.

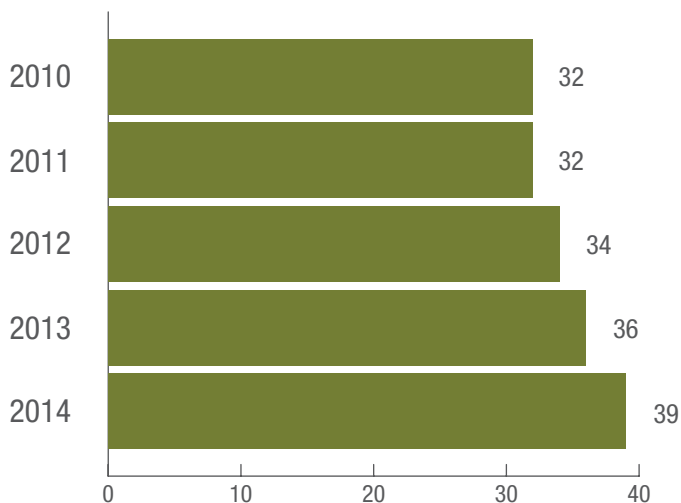
As discussed earlier in this report, continued focus on increasing follow-ups to anonymous reports could increase the *Substantiation Rate* of anonymous reports, because investigators would have a higher probability of obtaining responses to posted questions.

### 8) Case Closure Time: Days to Close Continues to Rise

*Case Closure Time* is the average number days it takes an organisation to complete an investigation and close a case. To earn employees' trust, and ensure that they know their concerns are important and are being seriously considered, it is vital that organisations complete investigations in a timely fashion. If months go by without a case being resolved, many reporters will conclude that the company is not listening and not taking action. This belief could be detrimental to an organisation on a number of levels.

**HOW TO CALCULATE:** First calculate the number of days between the date a case is received and the date it is marked closed. Calculate for each case closed during the reporting period. (Calculating the rate based on case open date will skew the data toward shorter closure times, making the result less accurate). Then calculate the average case closure time by dividing the sum of all case closure times by the number of cases closed in the reporting period.

#### Median Case Closure Time in Days

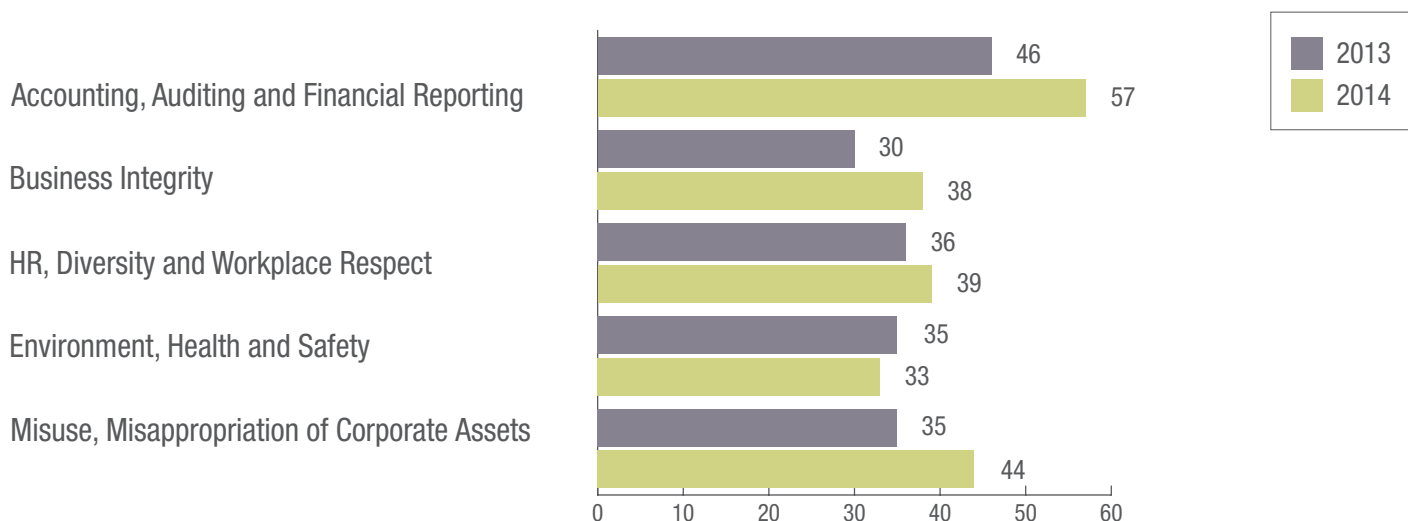


**FINDINGS:** Over the last five years the median company's average *Case Closure Time* has climbed from 32 to 39 days. *Case Closure Time* in 2008 was 30 days so this rate increase is ongoing and presents opportunities for focus and improvement by organisations in the coming year.

This trend is also notable given that, under certain agency whistleblower provisions, an organisation will have limited time to complete an internal investigation. Organisations that significantly or consistently exceed an average 30-day *Case Closure Time* are encouraged to review their case handling and investigation procedures. A breakdown of *Case Closure Times* by *Report Allegation Category* is provided below.

### 8) Case Closure Time (continued)

#### Case Closure Time By Report Allegation Category in Days



Change to *Case Closure Time by Report Allegation Category* shows that there has been an increase in *Case Closure Time* for every category but *Environment, Health and Safety* which dropped by two days.

Most notable is the 11 day increase in closure time for *Accounting, Auditing and Financial Reporting* cases. And, while the time to close a case rose significantly, the *Substantiation Rate* decreased significantly as noted earlier in this report. In this category, at 57 days as a median to close these cases, organisations are reaching the halfway point to the 120 day opportunity for an employee to also report directly to the SEC. This opportunity is specifically discussed on the SEC Office of the Whistleblower Frequently Asked Questions website as follows:

**Q: I work at a company with an internal compliance process. Can I report internally and still be eligible for a whistleblower award?**

**A:** Although internal reporting is not required to be considered for an award, you may be eligible for an award for information you reported internally if you also report the information to us within 120 days of reporting it internally.

Further, after 120 days from the date of reporting, an audit or compliance professional can also report to the SEC and be eligible for a whistleblower award. Note the following excerpt from the "2014 Annual Report to Congress on the Dodd-Frank Whistleblower Program" describing an award made to an audit or compliance professional:

*Under the whistleblower rules, information provided by persons with compliance or internal audit responsibilities is not considered to be "original information" unless an exception applies. One of these exceptions permits such individuals to be eligible for a whistleblower award if they reported the violations internally to designated persons at least 120 days before providing the information to the Commission. In this case, the Commission applied this exception to permit an award to the whistleblower upon determining that the claimant had reported the information through the proper channels at least 120 days before reporting it to the Commission.*

### 8) Case Closure Time (continued)

Also of serious concern is that the time to close an *HR, Diversity and Workplace* matter rose to 39 days. These types of cases are often able to be addressed in a week or less. Given the impact that a festering workplace problem can have on morale, productivity and organisational culture, taking nearly 40 days to address and close this type of case is not desirable.

Further, in surveying ethics and compliance officers last year when *Case Closure Time* for this category had reached 36 days, a number of people indicated that organisations were applying their limited investigative resources to those issues that were perceived to be “more serious” (like accounting and corporate asset-related) first as they or their leadership perceived these to be a higher risk to the organisation.

Now that the amount of time to close a case has risen in nearly every category and especially so in the financial area, it appears that the issue of available resources needs to be addressed on a priority basis.

### 9) Report Intake Method: A Small Change in the Mix Between Phone and Web Reporting

Capturing reports through a variety of intake methods can encourage more reporters to come forward, and therefore provide a more complete picture of risks in your organisation. Keeping an eye on the mix of reporting methods employees choose to use can provide insight into how well employees know of their different reporting options.

Several factors impact *Report Intake Method*. First, reporting channels have to be made *available* to employees. Second, those channels need to be easily *accessible* by employees. And finally, employees need *awareness* of all the channels available to them so that when they have a reporting need they know where to go, what to do and they can do it in a manner with which they are comfortable.

**HOW TO CALCULATE:** Group all non-hotline and non-web report forms (like ethics office walk-ins, email, direct mail, fax and manager submissions) as "All Other Methods," tally up the number of reports received by each method and divide by the total number of reports. The resulting percentages represent how employees are choosing to report.

#### Report Intake Method for 2014 with Comparison to 2013\*



\*Benchmark includes only companies who track all intake methods in the NAVEX Global incident management system.

**FINDINGS:** Results for 2014 showed a slight change in the mix of intake methods from 2013 with hotline (phone) submissions dropping by four percentage points and all other methods increasing by one percentage point.

The 2014 trends indicate that ethics and compliance officers are continuing to do a more comprehensive job of recording all reports in their incident management system, which will increase the quality of the reporting data for their organisation. Web reporting saw an increase of three percentage points over the previous year. As technology as well as internet use and access increase, we expect to see this number to continue to grow.

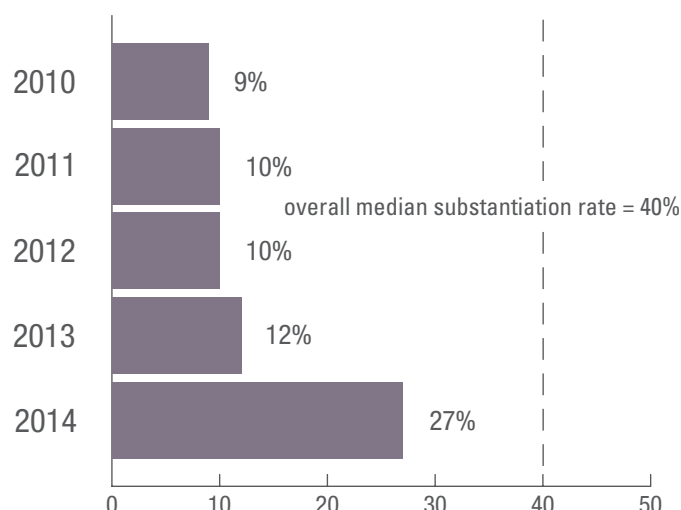
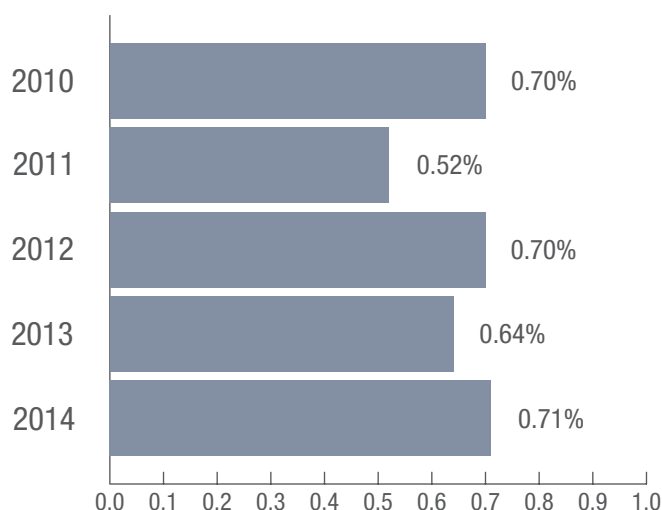
### 10) Reports of Retaliation: Report Volume is Still Low, but Substantiation Rates More Than Doubled in 2014

Discussion of retaliation issues by the ethics and compliance community, as well as by government agencies, is at a feverish level. And, while reports of potential retaliation in the most recent Ethics Resource Centre (ERC) Retaliation survey as well as claims filed with the Equal Employment Opportunity Commission (EEOC) indicate that retaliation claims are still on the rise, employees are still not using the hotline to report these concerns internally, as shown in the table below.

**HOW TO CALCULATE:** Take the total number of reports made, and divide that by the total number of reports made with retaliation as the primary allegation. *Note: we have not reviewed or included those cases where retaliation is a secondary allegation.*

Percentage of Retaliation Reports in the Database

Substantiation Rate of Retaliation Reports



**FINDINGS:** *Reports of Retaliation* to the hotline have always been below one percent of the total reports received. One potential reason for this is that employees are reluctant to raise another issue internally if they believe they experienced retaliation for raising the first issue.

Based on retaliation claims reported elsewhere (whether to a survey organisation or to an outside agency), these claims are out there. And while we saw no significant increase in total reports in 2014, we saw a 125 percent increase over the 2013 *Substantiation Rate for Reports of Retaliation*.

While it could be argued that this should not be taken as a significant finding due to the low percentage of reports (0.71 percent), this percentage represents approximately 5,200 reports in the NAVEX Global system. Therefore, a jump from a 12 percent *Substantiation Rate* to a 27 percent *Substantiation Rate* is significant and worth watching.

It is also worth noting that a *Substantiation Rate* of 27 percent is getting closer to the overall case *Substantiation Rate* of 40 percent. Last year we encouraged ethics and compliance officers to review how retaliation cases were investigated and reported because the *Substantiation Rate* was so low. It is our hope that this significant increase is a result of a more serious approach to managing and investigating these cases and is not an anomaly.

Good data analysis and benchmarking will help organisations answer a number of questions driving the actions that make an ethics and compliance programme more effective including:

- Do we need more training?
- Do we need to review or update our policies?
- Are our communications with employees reaching the intended audiences and having the desired effect?
- Should we dig deeper into data of concern with employee surveys and focus groups?
- Do enough employees know about our reporting channels?
- Are our investigations thorough and effective?
- Does our culture support employees who raise concerns?

Hotline data that is carefully tracked, reviewed, benchmarked and presented with sufficient context often provides the early warning signs needed to detect, prevent and resolve problems.

At NAVEX Global, we hope this report is helpful to your organisation and we welcome any feedback on these findings.

## VI. ABOUT NAVEX GLOBAL'S ETHICS & COMPLIANCE SOLUTIONS

### Hotline and Incident Management Solutions

NAVEX Global's hotline and incident management solutions are trusted by more than 8,000 clients around the world. We provide more employee hotlines—and advanced incident reporting methods—than any other vendor globally. Our hotline and incident management solutions are designed to meet the needs of organisations of any size—whether you're small and growing, or large and complex. Our solutions allow clients to view and collect actionable reports from multiple sources (via hotline, web and in-person) into a single, secure location, consistently manage investigation processes, pinpoint problem areas with robust analytics, and more.

Learn more about our hotline and incident management solutions at [www.navexglobal.com/uk](http://www.navexglobal.com/uk)

### Integrity Diagnostics™ Solution

Powered by the world's largest repository of ethics and compliance data, NAVEX Global's Integrity Diagnostics solution benchmarks your hotline data against peers in your specific industry. (NAVEX Global creates industry-specific cuts of our hotline data in dozens of industries, including healthcare, finance, manufacturing, retail and many more.) Our Integrity Diagnostics reports provide deeper insights on your programme's performance, along with actionable recommendations for improvement from our Advisory Services team.

Compliance professionals leverage Integrity Diagnostics reports to discover patterns in their hotline data. They receive deeper insights into compliance programme performance and can more thoroughly engage their boards, executive leadership and audit committees in programme goals and outcomes.

Learn more about NAVEX Global's Integrity Diagnostics solution at <http://www.navexglobal.com/uk/services/advisory-services>

## VII. ABOUT THE AUTHORS



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Carrie Penman is NAVEX Global's chief compliance officer and senior vice president of the Advisory Services team. She has been with the firm since 2003 after four years as deputy director of the Ethics and Compliance Officer Association (ECO). Carrie was one of the earliest ethics officers in America—a scientist who developed and directed the first corporate-wide global ethics programme at Westinghouse Electric Corporation. Since joining the Advisory Services team, she has conducted numerous programme and culture assessment projects for its clients and regularly works with and trains company boards of directors and executive teams. She also serves as a corporate monitor and independent consultant for companies with government agreements.



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Eddy O'Mara is operations manager for NAVEX Global's Advisory Services team. He leads the development of our Integrity Diagnostics product offering, as well as making key statistical and analytical contributions to our annual Ethics and Compliance Hotline Benchmark Report and Client Culture Surveys. Eddy graduated from Bentley University with both a B.A. in Ethics and Corporate Social Responsibility and a B.S. in Business Management. He has been with NAVEX Global's Advisory Services team since 2012.

## VIII. ABOUT NAVEX GLOBAL

NAVEX Global's comprehensive suite of ethics and compliance software, content and services helps organizations protect their people, reputation and bottom line. Trusted by 95 of the FORTUNE 100 and more than 12,500 clients, our solutions are informed by the largest ethics and compliance community in the world.

For more information, visit [www.navexglobal.com](http://www.navexglobal.com)





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