



Our Perspective

Compliance 2.0, part 3: Reporting channels for compliance concerns

A key component in the ongoing training of staff is equipping them with the knowledge of what to do if they have concerns about compliance issues.

As previously stated in part 2 of this series (*Policies, Processes and Training*), establishing your regulatory obligations and internal policies gives your accountable employees the confidence to work within your compliance boundaries, and reporting any concerns is no exception. There are various ways that you can enable this reporting, including:

- An internal complaints-handling process
- An anonymous hotline for whistleblowers, often managed by a third party to ensure confidentiality
- Regular internal conversations or forums opening up channels of communication

Agree your methodology

It is just as important to agree and document how such complaints or reports will be managed once they have been received. Clear internal guidelines should be established for whom the concern needs to be reported to, depending on your internal policies and the subject and nature of the complaint. Agree and document what level of concern should be reported at Board level, to local Compliance, or to the Global Compliance department. According to *Public Concern at Work* the majority of whistleblowers are currently ignored, so establishing a culture of transparency, and the systems to encourage staff to come forward, is likely to help the authorities look favourably upon your business.

Consider also what action should be taken to manage the complaint. This could include:

- Conducting an internal investigation

- Appointing an external agency to conduct an investigation
- Referring the report to the relevant regulatory authority

At the 2015 Annual Anti Bribery & Corruption Forum, *Ben Morgan* of the UK *Serious Fraud Office* emphasised the importance of early engagement and self-reporting if a company would like even a chance of avoiding prosecution.

It is vital to “send a clear message that violations of law and company policy will not be tolerated...” and establish that “no retaliation is taken against those who raised the issue..” which “...reinforces confidence that complaints will be heard”.

The reputational and public-relations repercussions of incorrectly managing a Compliance failure can be disastrous, as recently witnessed by *Wells Fargo* and *Unaoil* and in 2015 by *Volkswagen*, *Petrobras*, *FIFA* and *Deutsche Bank* to name just a few.

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Further reading & reference:

- <http://www.pcaw.org.uk/whistleblowing-the-inside-story>
- <http://www.insidecounsel.com/2014/07/01/transparency-after-a-Compliance-failure-faqsfinal>
- <https://beta-cymraeg.sfo.gov.uk/2015/10/29/ben-morgan-at-the-annual-anti-bribery-corruption-forum/>
- The Brave New World of Compliance 2.0, Kasalana White Paper 6, May 2016. <http://www.kasalana.com/story/the-brave-new-world-of-compliance-2-0>

Conclusion

In summary, give your Compliance Officer the responsibility, resources and support to do her/his job as it should be done, and follow these reporting steps to minimise your risk of mishandling any failures in the system:

- Be visible
- Publicise reporting options
- Take whistleblowing seriously
- Ensure clear governance processes for reporting
- Keep an evidential log of Compliance protocols, risk frameworks and staff training (all of which are critical to cooperating in an investigation)
- Do not be afraid of reporting to government agencies.

Kasalana Resources

Kasalana publishes quarterly issues of *Our Perspective* covering subjects relevant to our industry. These and our more in-depth White Papers can be found in the Knowledge Centre on our website at www.kasalana.com/knowledge-centre.

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Consultation meetings:

If you would like a free consultation with *Kasalana*, please email info@kasalana.com, or call +44 (0)1580 212832, quoting reference OP15C.

Who we are

Formed in 2005, *Kasalana* is a specialist corporate intelligence company that conducts investigations globally on behalf of clients across all industries. We are experts in enhanced due diligence, background checks and litigation support, solving complex issues on behalf of our clients through investigation. Our clients include FTSE100, FTSE 250 and Fortune 500 corporations, global financial institutions, major law firms and leading private equity houses.

Prior to forming *Kasalana*, *Sam Pope* was Head of Business Intelligence, Deputy Director of Corporate Investigations and EMEA Director of Fraud & Forensic Services for a leading global security risk management company, where he led a team of 40+ investigators. A former defence journalist, Sam has extensive experience of investigating fraudulent activity including asset misappropriation, bribery and corruption, securities and investment fraud, regulatory and anti-trust violations. He frequently works in close collaboration with clients' other professional advisers. He is a member of the American Society for Industrial Security and the Association of Certified Fraud Examiners.

Gareth Crooker joined *Kasalana* in 2010 after working as Director of Corporate Investigations, South-East Asia, for a leading global security risk management company. He has been a business risk consultant for more than 20 years and specialises in pre-investment and compliance-driven due diligence and corporate intelligence. Gareth has also conducted bespoke research and analysis into the political, commercial and security risk environment in Europe and the Former Soviet Union. As well as his native English, Gareth has near-fluent French and Spanish, together with basic Italian and Dutch.

Why we do what we do

At *Kasalana* we have a client-centric approach to intelligence and believe in giving our clients what they need. The information we supply is openly asked for and freely given, and all our work is overseen by senior consultants with many years' experience in their field. With an ethical approach to investigation, we support improvements in global business practices and security.

All our intelligence is individually sourced and produced at the time of commissioning to answer the specific needs of our clients. We work honestly and transparently using a global network of resources to provide timely and accurate information to international clients. To read case studies, please go to www.kasalana.com.

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