Whistleblowing
Change is coming
A changing landscape

Recent high-profile failures of corporate integrity have highlighted the need to prevent, detect and respond to, the types of breakdown in trust and compliance that can have devastating consequences for businesses and the individuals within them.

These failures have driven increasing legislative and regulatory demand for a strong culture of integrity within businesses.

Whistleblowing is a key component of a culture of integrity, however, without a robust whistleblowing framework, clear guidance and top-down support across the company, employees may be dissuaded from raising their concerns. An absence of these factors can lead to fear of recrimination or that the concerns will not be taken seriously or addressed and in those cases employees are left with two options: to say nothing, or to look externally for a channel to voice their concerns, such as the media, a regulator or law enforcement.

The Parliamentary Commission on Banking Standards (PCBS) has published a number of recommendations aimed at enhancing corporate transparency, governance and integrity. The Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) have indicated their intention to reflect the recommendations of the PCBS. Eleven of those recommendations relate to whistleblowing specifically and consequently we can expect change to the regulatory landscape in the near future.

With this shift in emphasis, firms should consider the effectiveness of their whistleblowing framework now and crucially, whether they have a culture in which employees feel encouraged and supported in raising any concerns they may have.

The PCBS report noted that the fear of speaking out still remains a barrier to many whilst a survey conducted by whistleblowing charity Public Concern at Work found that while 93% of firms had a whistleblowing framework, a third said that it was ineffective.
Whistleblowing is integral to EY’s corporate integrity and compliance framework

► Does a culture exist within your organisation where whistleblowing is viewed with distrust and hostility or one where it is recognised as an essential element of an effective compliance and audit regime?

► Do the ‘Senior Persons’ in your organisation fully understand the implications of the changes to come?

► Would your Managers know how to respond correctly if a concern was raised to them?

► Would all employees know what to do if they needed to raise a concern?

► Do your employees know the difference between a concern and a grievance? How do you triage, address and record these different issues?

► Will the whistleblowing related records that you maintain satisfy regulatory scrutiny?

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How EY can help

Our experience allows us to help firms build whistleblowing frameworks into a wider strategy for implementing a culture of corporate integrity across the business, creating a virtuous circle through which risks can be detected, responded to and prevented.

To help build a better working world, EY’s ambition is to help our clients to have confidence that their organisation is trusted, complying with relevant laws and regulations and following internal processes – avoiding the negative consequences arising from compliance failures, whilst getting the clear benefits of growth, value and stakeholder engagement.

For organisations that do not have a whistleblowing framework, we will work with you to design and implement an effective programme to help prepare for future challenges.

For organisations that already have a whistleblowing framework in place, we will carry out a maturity model review of the programme, identifying existing strengths and highlighting areas for improvement.

We provide training for Non-Executive Directors, Senior Persons, Managers and other employees to prepare for new challenges, raise awareness and make whistleblowing an effective component of a wider culture of corporate integrity.

We offer a range of Forensic Investigation services to support serious allegations.

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Consequences and risks

Firms can expect to come under increasing regulatory scrutiny in relation to their whistleblowing framework and their treatment of those who raise concerns.

Additionally, there is an increasing focus on personal accountability at a senior level, evidenced by the PCBS recommendation that a Non-Executive Director, preferably the Chairman, should have specific responsibility for the effective operation of the firm’s whistleblowing regime.

Therefore, in this new landscape firms need to go beyond simply having a whistleblowing framework and must actively work toward the creation of a culture of corporate integrity across their organisation, where all employees are encouraged and supported to raise concerns.

Enforcement action against individuals and/or firms who have acted in a manner inconsistent with regulatory requirements

Uncapped awards to whistleblowers at Employment Tribunals

Compensation payments, ordered by regulators, to a whistleblower if they have received detrimental treatment as a result of speaking out

Potential consequences of non-compliance

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