Whistleblower Policy

In response to an ASAE Listserv query in February 2008, associations contributed the following examples. Be sure to rely on legal and accounting professionals for development of policies.

IRS References

General Definitions

One who reveals wrongdoing within an organization to the public or to those in positions of authority: “The Pentagon's most famous whistleblower is . . . hoping to get another chance to search for government waste” (Washington Post).

The disclosure by a person, usually an employee, in a government agency or private enterprise; to the public or to those in authority, of mismanagement, corruption, illegality, or some other wrongdoing.
#1 Whistleblower Protection Policy

Association prides itself on its adherence to federal, state, and local laws and/or regulations, including business ethics policies. As such, even though it is not obligated to do so, the Association has decided to voluntarily adopt a whistleblower protection policy. Pursuant to this policy, any employee who becomes aware of any violation of federal, state, or local law or regulation, including any financial wrongdoing, should immediately report the violation to the Executive Vice President to allow the organization to investigate and, if applicable, correct the situation or condition.

If the Executive Vice President is involved or is believed to be involved in the matter being reported, employees may, in the alternative, make a report to the Association’s legal counsel. The Association will conduct an investigation and take appropriate action within a reasonable period of time. Such complaints will be held in confidence to the extent the needs of the investigation permit.

“Financial wrongdoing” may include, but is not limited to:

- Questionable accounting practices;
- Fraud or deliberate error in financial statements or recordkeeping;
- Deficiencies of internal accounting controls;
- Misrepresentations to company officers or the accounting department (including deviation from full reporting of financial conditions).

If any employee reports in good faith what the employee believes to be a violation of the law and/or financial wrongdoing to the Association, its legal counsel, or to a federal, state, or local agency or assists in an investigation concerning financial wrongdoing, it is the Association’s policy that there will be no retaliation taken against the employee.

Employees are reminded of the importance of keeping financial matters confidential. Employees with questions concerning the confidentiality or appropriateness of disclosure of particular information should contact the Executive Vice President.

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#2 Whistleblower Policy

**Purpose**

The Association is committed to high standards of ethical, moral and legal business conduct. In line with this commitment and association’s commitment to open communication, this policy provides an avenue for employees to raise concerns. It also provides reassurance that employees will be protected from reprisals or victimization for whistleblowing. (For purposes of this policy, an employee is defined as any individual who is paid for providing services to association headquarters and includes both full-time and part-time employees.)

This whistleblowing policy is intended to offer protections if an employees raises concerns regarding association, including concerns regarding:

- incorrect financial reporting;
- unlawful activity;
- activities that are not in line with association policy; or
- any other activities that constitute serious improper conduct.

**Safeguards**

*Harassment or Victimization* - Harassment or victimization for reporting concerns under this policy will not be tolerated.

*Confidentiality* - Every effort will be made to treat the complainant’s identity with appropriate regard for confidentiality.

*Anonymous Allegations* - This policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:
- The seriousness of the issue raised;
- The credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

*Bad Faith Allegations* - Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted that the report is being made in good faith. Allegations made in bad faith may result in disciplinary action.
Procedure: 1. Process for Raising a Concern

Reporting- The whistleblowing procedure is intended to be used for serious and sensitive issues. Such concerns, including those relating to financial reporting, unethical or illegal conduct, may be reported directly to the association General Counsel:

[Insert Contact Information Here]

Employment-related concerns should continue to be reported through your normal channels such as to a supervisor or the CEO.

Timing - The earlier a concern is expressed, the easier it is to take action.


The action taken by association in response to a report of concern under this policy will depend on the nature of the concern. The Audit Committee of the association’s Executive Committee shall receive information on each report of concern and follow-up information on actions taken.

Initial Inquiries - Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved without the need for investigation.

Further Information - The amount of contact between the complainant and the person or persons investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from or provided to the person reporting the concern.

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# 3 Reporting and Investigating Wrongdoing Policy

The Association has a responsibility for the stewardship of member and employee contributions and resources. In fulfilling that responsibility, the Association is committed to compliance to all laws and regulations to which it is subject.

In addition to complying with the law, it is the policy of the association to promote ethical practices and ethical treatment of its members and employees. Whether known or suspected, instances of misuse of Association resources or other improper activities should be reported and appropriately investigated. Members and employees have a responsibility to each other and to the organization to maintain an environment in which problems are addressed immediately, and they are therefore protected from retaliation for making such reports.

The association endorses and utilizes internal controls and operating procedures intended to detect and prevent improper activities. If, however, those controls or procedures fail to safeguard against irregularity, or if intentional or unintentional violation of laws or regulations occur, it is the policy of the association that members and employees are encouraged to report those irregularities and violations.

It is also the policy of association not to hide, destroy, alter or falsify documents to prevent their use in litigation or other official proceedings. Toward that end, the Association will have and regularly review a document retention policy. Officers, members, and employees of the association are expected to adhere to this policy.

Last, the association (through its Conflict of Interest Policy) has asked the Board of Directors to disclose any real, perceived, or potential conflicts of interest that relate to board duties or deliberations, and to recuse him/herself when the board makes decisions affected by the conflict. Refusal to abide by the organization’s conflict of interest policy may result in removal from office and a referral to the Association’s Ethics Committee for review. Employees may not engage in any activity, paid or unpaid, that conflicts, or gives the appearance of conflicting with their obligations to association.

The provisions of this policy statement do not negate or minimize the effect or import of the association’s Code of Ethics, Membership Standards and Sanctions, or the Employee Handbook. Individual complaints about the professional conduct of members or of employees will be handled according to those governing documents.

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Whistleblower Policy

PURPOSE OF THIS POLICY: A key defense against fraud occurring in an organization is the availability of a means for employees and other constituents to anonymously report suspected wrongdoing (whistleblowing). Respondents to a 2004 survey by the Association of Certified Fraud Examiners (ACFE) revealed that various forms of fraud are detected 40 percent of the time by tips, the leading method for detecting fraud.

While whistleblower programs are not required of not-for-profit organizations, CRS believes that it is a prudent practice to follow. In addition, some states have adopted whistleblower provisions, and federal law prohibits retaliation against anyone “blowing the whistle” with respect to a violation of a federal law or regulation. These would include:

- Forgery or alteration of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation with the CRS conflict of interest policy
- Misappropriation or misuse of CRS resources, such as funds, supplies, or other assets
- Authorizing or receiving compensation for goods not received or services not performed
- Authorizing or receiving compensation for hours not worked

CRS Whistleblower Policy

General
The CRS Code of Conduct (hereinafter referred to as the Code) requires directors, other volunteers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of the organization must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

The objectives of the CRS Whistleblower Policy are to establish policies and procedures for:

- The submission of concerns regarding questionable accounting or auditing matters by employees, directors, officers, and other stakeholders of the organization, on a confidential and anonymous basis.
• The receipt, retention, and treatment of complaints received by the organization regarding accounting, internal controls, or auditing matters.

• The protection of directors, volunteers and employees reporting concerns from retaliatory actions.

Reporting Responsibility
Each director, volunteer, and employee of CRS has an obligation to report in accordance with this Whistleblower Policy (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of CRS’s Code (hereinafter collectively referred to as Concerns).

Authority of Executive Committee
All reported Concerns will be forwarded to the Executive Committee in accordance with the procedures set forth herein. The Executive Committee shall be responsible for investigating, and making appropriate recommendations to the Board of Directors, with respect to all reported Concerns.

No Retaliation
This Whistleblower Policy is intended to encourage and enable directors, volunteers, and employees to raise Concerns within the Organization for investigation and appropriate action. With this goal in mind, no director, volunteer, or employee who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, a volunteer or employee who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

Reporting Concerns
Employees
Employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the individual continues to have reasonable grounds to believe the Concern is valid, the individual should report the Concern to the Chief Executive Officer (CEO) or the Vice President of Operations (VPO). In addition, if the individual is uncomfortable speaking with his or her supervisor, or the supervisor is a subject of the Concern, the individual should report his or her Concern directly to the CEO or Vice President of Operations.

If the Concern was reported verbally to the CEO or VPO, the reporting individual, with assistance from the CEO or VPO, shall reduce the Concern to writing. The CEO or VPO is required to promptly report the Concern to the Chair of the Executive Committee, who has specific and exclusive responsibility to investigate all Concerns. If the CEO or VPO, for any reason, does not promptly forward the Concern to the Executive Committee, the reporting individual should directly report the Concern to the Chair of the Executive Committee. Contact information for the Chair of the Executive Committee may be obtained either through the Leadership Manual or by calling the CRS office. Concerns may be also be submitted
anonymously. Such anonymous Concerns should be in writing and sent directly to the Chair of the Executive Committee.

**Directors and Other Volunteers**

Directors and other volunteers should submit Concerns in writing directly to the Chair of the Executive Committee. Contact information for the Chair of the Executive Committee may be obtained from the CEO.

**Handling of Reported Violations**

The Executive Committee shall address all reported Concerns. The Chair of the Executive Committee shall immediately notify the Executive Committee, the CEO and the VPO of any such report. The Chair of the Executive Committee will notify the sender and acknowledge receipt of the Concern within five business days, if possible. It will not be possible to acknowledge receipt of anonymously submitted Concerns.

All reports will be promptly investigated by the Executive Committee, and appropriate corrective action will be recommended to the Board of Directors, if warranted by the investigation. In addition, action taken must include a conclusion and/or follow-up with the complainant for complete closure of the Concern.

The Executive Committee has the authority to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

**Acting in Good Faith**

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of the Codes. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

**Confidentiality**

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.
Whistleblower Policy - Sample

Introduction

[ORGANIZATION NAME] Code of Ethics and Conduct requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

Retaliation

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

Reporting Violations

The Code addresses the Organization’s open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee’s supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor’s response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code of Conduct to the Organization’s Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Organization’s open door policy, individuals should contact the Organization’s Compliance Officer directly.
Compliance Officer

The Organization’s Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity. The Organization’s Compliance Officer is the chair of the audit committee.

Accounting and Auditing Matters

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

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1 Note: Compliance officer could be a committee of the board, a designated director, or a third party such as an HR Specialist or the board attorney (rch.)