

Compliance Today – August 2022 Is whistleblowing changing?

By Gerry Zack

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I recently read through *Occupational Fraud 2022: A Report to the Nations*,^[1] the biennial study published by the Association of Certified Fraud Examiners (ACFE). I always look forward to this report. While some things seem to never change, there are others that surprise us or that show a new trend. One thing that caught my eye in the 2022 report is the evolution of whistleblowers.

The 2022 study is based on 2,110 fraud cases that were investigated between January 2020 and September 2021, so it reflects potential changes that could be attributable to a workforce affected by the pandemic.

Consistent with previous reports, tips continue to be the most common method of detection, at 42% of all cases. Just over half of these tips came from employees.

But the similarities in reporting end there. If we go back to the ACFE's 2018 report, 42% of tips came in through a telephone hotline.^[2] Another 26% came by email, and 23% used a web-based or online reporting system. Two years later, in 2020, these top three methods of reporting were virtually equal, at 33%, 33%, and 32%, respectively^[3] (note that when other, far less common, methods of reporting are added in, the total exceeds 100 percent, since in some cases multiple reporting channels were used).

But in 2022 things changed further. Email is now the most common reporting channel used, at 40%. Web-based/online systems are next at 33%, and telephone hotlines have declined all the way to 27%. So, in just four years, fraud reporting has shifted from being dominated by telephone-based systems to relying on email more than anything else.

There are several lessons we can draw from these figures. First is that it's more important than ever to offer multiple channels for whistleblowers to report concerns to. Another statistic reveals the value of training on how to report fraud. While overall, 42% of cases were detected by tip, that figure is 45% when training is provided and just 37% without training. So, in addition to offering multiple reporting channels, be sure to periodically remind your employees of these methods along with the importance of reporting suspected frauds. Finally, note that with just a little more than half of tips coming from employees (although another 16% are anonymous and, therefore, likely came from employees), be sure to make it easy for customers, vendors, and others to report. More than a quarter of all tips come from customers or vendors.

¹ Association of Certified Fraud Examiners, *Occupational Fraud 2022: A Report to the Nations*, accessed June 2, 2022, <https://legacy.acfe.com/report-to-the-nations/2022/>.

2 Association of Certified Fraud Examiners, *Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse*, accessed June 2, 2022, <https://s3-us-west-2.amazonaws.com/acfepublic/2018-report-to-the-nations.pdf>.

3 Association of Certified Fraud Examiners, *Report to the Nations: 2020 Global Study on Occupational Fraud and Abuse*, accessed June 2, 2022, <https://acfepublic.s3-us-west-2.amazonaws.com/2020-Report-to-the-Nations.pdf>.

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