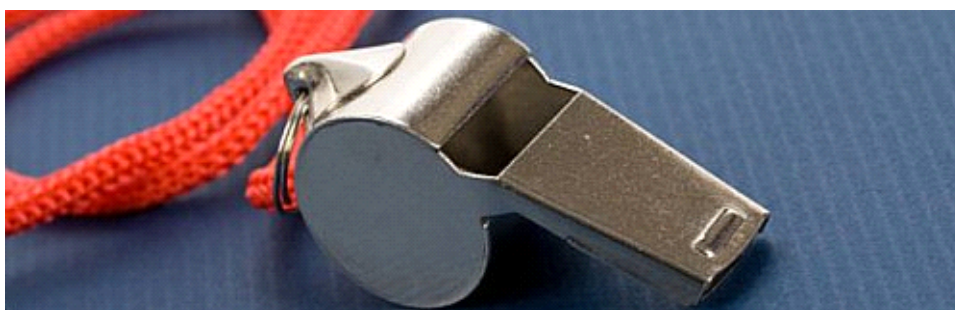




01 February 2023

# Research report: Whistleblowing and corporate governance

Chartered Institute of Internal Auditors



Our Whistleblowing report outlines the role of internal audit in whistleblowing and include survey results and examples of policies and practices.

[Download the full report \(pdf\)](#)

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### Why whistleblowing is important

Employees who sound the alarm about bad practices early enough can help to ensure that problems come to light before it is too late, thus helping to prevent disasters ranging from widespread customer mistreatment to loss of life. An organisation's whistleblowing procedures should encourage individuals to disclose concerns using appropriate channels before these concerns become a serious problem, damaging an organisation's reputation through negative publicity, regulatory investigation, fines and/or compensation.

Examples of where concerns were raised but not listened to have plagued a range of sectors. Many high-profile reviews in the NHS have found that whistleblowers have been ignored, including at Mid Staffordshire Foundation Trust and Winterbourne View hospital. Scandals in the banking sector, e.g. excessive risk taking at HBOS, also featured whistleblowers who were not listened to.

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## The crucial relationship between whistleblowing and culture

There is a symbiotic relationship between whistleblowing and an organisation's culture. Effective internal whistleblowing arrangements are an important part of a healthy corporate culture. But it is also crucial to have the right organisational culture which encourages people to speak out without fear. A key question for internal audit, when providing assurance to the board that whistleblowing arrangements are effective, is therefore whether the organisation's culture allows people to speak out without fear of recrimination and encourages them to report concerns. The major public inquiries and reports in sectors such as healthcare and banking have highlighted the lack of effectiveness of whistleblowing arrangements. They have emphasised the importance of having the right organisational culture to encourage people to speak out and support those who do, and outlined that the success of whistleblowing regimes relies as much on culture as it does on policies and procedures.

National Audit Office (NAO) Memorandum on the role of major contractors in the delivery of public services (November 2013)

The NAO scrutinises public spending on behalf of Parliament. It published a report on the provision of out-of-hours GP services in Cornwall which found whistleblowers played a significant role in highlighting concerns about the service. "Whistleblowing policies are insufficient if organisational culture does not support them. Whistleblowers raised important concerns about Serco's out-of-hours GP services in Cornwall, though chose not to use the company's internal procedures. Staff working on Serco's £6 million per year contract for providing out-of-hours GP services in Cornwall approached the media in 2012 with concerns about the service. Serco has a whistleblowing policy and a range of channels for staff to raise concerns with management. However, the whistleblowers expressed fears about the consequences if they raised concerns internally".

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## The Institute's policy position

Our research shows that internal audit plays a key role in supporting boards in the area of whistleblowing. Nearly 60% of HIA s act as a channel for whistleblowing in their organisations. Given this, it is important that there are safeguards in place to preserve internal audit's independence and objectivity. The Institute has therefore developed a policy position to support boards, audit committees, executives and internal audit practitioners to ensure that internal audit's role is not compromised.

In summary, the Institute believes that whistleblowing policies and procedures are an important element in a healthy corporate culture and that internal audit's independence from the executive and objectivity give it the potential to be involved in whistleblowing arrangements, for example in a triage role, as a channel of communication or in carrying out investigations. But boards also require independent assurance that the organisation's whistleblowing policies and procedures are effective in achieving the appropriate outcomes. Internal audit cannot give that assurance if it is directly involved in managing or carrying out those procedures. Internal audit should therefore either provide assurance to the board or play an integral part in the process of internal whistleblowing in their organisations.