

# Hotline and reporting mechanism



## OVERVIEW

The Association of Certified Fraud Examiners report that 70% of surveyed organisations have a whistle-blowing hotline

A whistle-blower hotline is a mechanism to report fraud or other violations, whether managed internally or by an external party.

### Reporting mechanism

In cases where a reporting mechanism was used to report fraud, respondents were asked to specify how the tip arrived.

In previous studies, telephone hotlines were the most common mechanism whistleblowers used. However, telephone hotline use has declined substantially, while email and web-based/online reporting have both increased.

These findings demonstrate that whistleblowers' preferred methods of reporting fraud are diverse and evolving, particularly regarding online and electronic forms. Consequently, organisations should maintain multiple channels for reporting fraud.

**70%** of those surveyed have a hotline

**2%** Fraud losses 2% higher at organisations without hotlines.

Organisations with hotlines detect fraud **MORE QUICKLY**.

**With hotlines** 12 MTHS

**Without hotlines** 18 MTHS

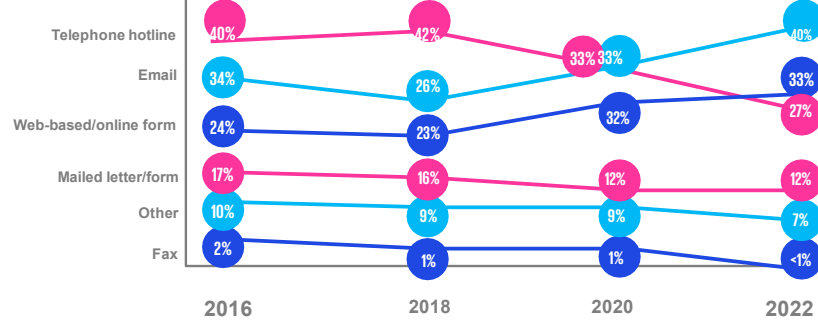
**Percent of cases by tip.**

**47%** With hotlines.

**31%** Without hotlines.

## REPORTING METHODS

Preferences for reporting mechanisms have changed over time



Not all tips about suspected fraud are reported through a formal reporting mechanism. Some reports are made informally to individuals within the organisation.

Whistleblowers who do not use hotline mechanisms are most likely to report their concerns to their direct supervisors (30%). But this chart also makes it clear that whistleblowers may reach out to a wide variety of parties, such as executives, internal audit, fraud investigation teams, or their coworkers.



## CONCLUSION



Maintaining a hotline increases the chances of earlier fraud detection and reduces losses. Fraud awareness training encourages tips through reporting mechanisms.



Organisations should maintain multiple channels for reporting fraud.



Almost anyone in an organisation could potentially receive a report. It is important to provide all staff with guidance on how fraud allegations are handled within the organisation and what to do if they receive a report about suspected fraud.



### Effect of employee and manager fraud awareness training on hotlines and reporting

**45%** of cases detected by tip in organisations with training.

**37%** of cases detected by tip in organisations without training.



Reports of fraud are **MORE LIKELY TO BE SUBMITTED** through hotlines with training.

**Both LARGE and Small organisations** are likely to detect occupational fraud by tip.

**With training** 58%

**Without training** 42%

These five controls have **INCREASED** the most:



Since 2012, the number of tips made through hotlines has **INCREASED DRAMATICALLY**.

