

PROTECTING WHISTLEBLOWERS

Whistleblower policies protect individuals who risk their careers – or take other kinds of risks – to report illegal or unethical practices. Although no federal law specifically requires nonprofits to have such policies in place, several state laws do. Moreover, IRS Form 990 asks nonprofits to state whether they have adopted a whistleblower policy. Adopting a whistleblower policy increases the odds that you'll

learn about activities before the media, law enforcement or regulators do. Encouraging stakeholders to speak up also sends a message about your commitment to good governance and ethical behavior.



BE INCLUSIVE Your policy should be tailored to your organization's unique circumstances, but most policies should spell out who's covered. In addition to employees, volunteers and board members, you might want to include clients and third parties who conduct business with your organization, such as vendors and independent contractors. Also specify covered misdeeds. Financial malfeasance often gets the most attention, but you might also include violations of organizational client protection policies, conflicts of interest, discrimination and unsafe work conditions. And how should whistleblowers report their concerns? Must they notify a compliance officer or can they report anonymously? Is a confidential hotline available? Whom can whistleblowers turn to if the designated individual is suspected of wrongdoing?

INVESTIGATE THOROUGHLY Covered individuals and other stakeholders need to know how you'll handle reports once they're submitted. Your policy should state that every concern will be promptly and thoroughly investigated and that designated investigators will have adequate independence to conduct an objective query. Also describe what will happen after the investigation is complete. For example, will the reporting individual receive feedback? Will the individual responsible for the illegal or unethical behavior be punished? If your organization opts not to take corrective action, document your reasoning.

STRESS CONFIDENTIALITY Don't forget to stress confidentiality. Explain in your policy that it may not be possible to guarantee a whistleblower's identity if he or she needs to become a witness in criminal or civil proceedings. But promise you'll protect confidentiality to the extent possible. Finally, be sure to have your attorney review your whistleblower policy.