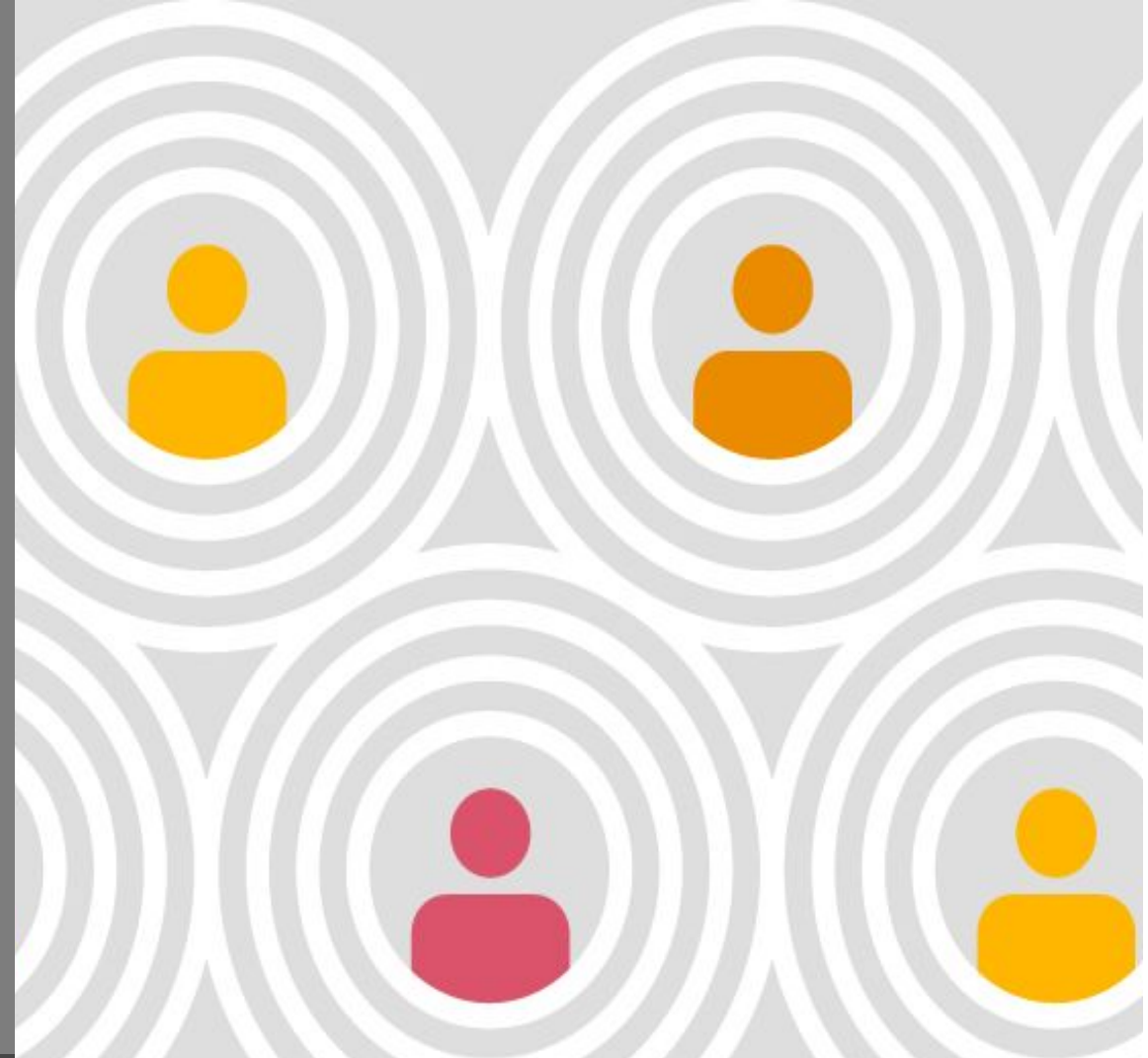


Establishment and management of an internal reporting channel for protected disclosures

January 2023




Employers beware!

New legal obligations effective from 1 January 2023

Background

The 2019 EU "Whistleblowing" Directive seeks to harmonise whistleblowing standards across the 27 EU member states. It aims to set a common minimum standard for the protection of such individuals.

The Protected Disclosures (Amendment) Act 2022 gives effect to this directive - it was signed into Irish law in July 2022, and it became effective for Irish employers on **1 January 2023**.

The impact of the new directive on Irish companies can be considered under the three main headings opposite. 

Widened scope of protection

- Broadened definition of **who** is protected - "*worker*" includes not only employees, but also shareholders, non-executive directors, contractors, job applicants, volunteers, trainees and suppliers

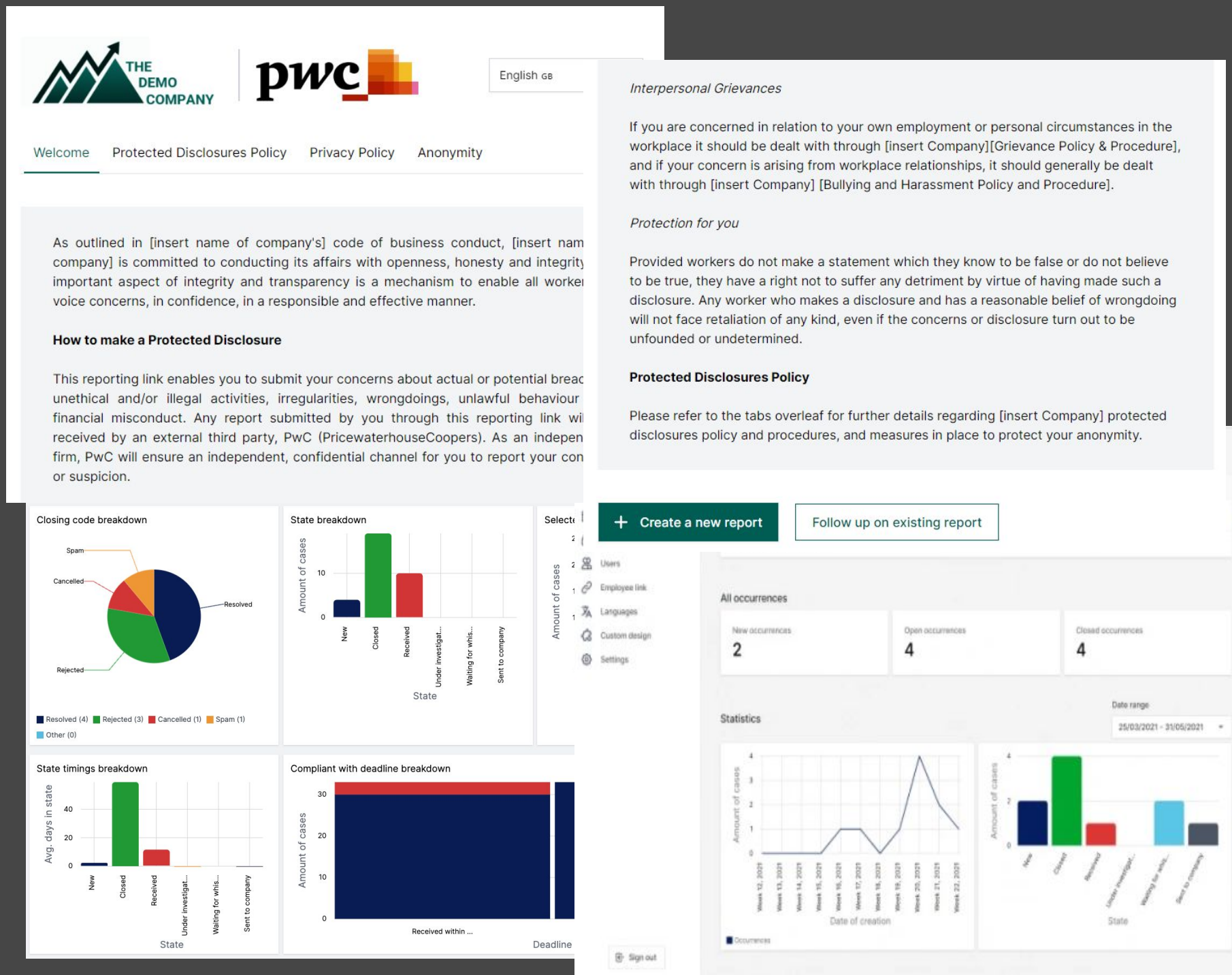
Expanded definition of relevant wrongdoing

- Expanded definition of **wrongdoing** which can be reported
- Includes breaches of EU law in areas such as financial services, product safety, food safety and public health
- Brings clarity to an area that previously caused uncertainty – it excludes certain interpersonal grievances from its ambit. Such matters should be addressed through a company's normal HR procedures

Requirement to establish formal internal reporting channels and procedures for whistleblowing

- Private sector employers with >50 employees and all public sector employers will be required to establish and maintain formal channels and procedures for "workers" to make protected disclosures. Private sector companies with >50 but <250 employees are given an extended timeline to comply (to 17 December 2023)
- Reporting channels must:
 - be secure to ensure confidentiality of the identity of the reporting person;
 - acknowledge receipt of the disclosure within 7 days of receipt;
 - involve diligent follow-up by a designated impartial person or persons;
 - have reasonable timeframes to provide feedback, not exceeding three months; and
 - ensure the provision of clear and easily accessible information.
- Employers with an existing group wide reporting channel will also be required to operate local reporting channels at subsidiary level
- Legislation permits for a company's internal reporting channel to be operated by an **external third party** - the benefits of this approach are that it will ensure adherence to reporting obligations, simplify the reporting channels into a single software solution, promote confidence in the reporting process, preserve the independence of the process, and encourage your employees to speak up internally, rather than externally, about wrongdoing in your workplace. Please see overleaf for details of our cost effective software solution which can help your business

Our software solution as your internal reporting channel



- **No IT infrastructure required:** a software as a service solution, which is cloud-based, and does not require access to an IT system / infrastructure.
- **Encryption:** End-to-End encryption and ISO 27001 certified.
- **Accessibility:** Accessible through a link that is unique to the company. You choose how the link is shared e.g. website, employee handbook, intranet.
- **Integrated case management:** The processing of reports takes place in an integrated case management solution. Reports can be sent to you for handling directly in the system.
- **Dialogue with reporting person:** The software enables ongoing communication with anonymous reporting persons.
- **Multi-lingual:** The software can support 71 different languages.
- **Group and local reporting:** The software enables both group and local (e.g subsidiary) reporting, which can be seamlessly integrated.
- **Supporting compliance:** The channel provides consistent updates and reminders to ensure reports are acknowledged and dealt with within the statutory deadlines.
- **Annual reporting:** The software includes dashboard reporting functionality to facilitate simple, data-driven annual reporting.

Our services



Establishing an internal reporting channel

PwC can establish an online channel tailored to your requirements and in compliance with the legislation. This can include written and oral reporting, specification of the data fields to be completed by the reporting person, allow for confidential and anonymous reporting, inclusion of the guidance to be provided to the reporting person on the channel's homepage, embedding the reporting channel in your selected access method (e.g. website) and provision of the channel's QR code. All reports received through the internal reporting channel are received by PwC in the first instance, ensuring an independent and objective initial assessment.

Operation of internal reporting channel

PwC's team performs an initial screening of all incoming reports. PwC acknowledges receipt of each report via a pro-forma communication to the reporting person, assesses the report, initiates dialogue with the reporting person if appropriate (for example, if incomplete information is provided in the disclosure received) and then provides your designated person with a report containing the relevant information (and our recommendations for next steps if requested, including whether the report is likely to constitute a protected disclosure). Any subsequent follow up actions, if any, will be a matter for your designated person / company. PwC can, if requested, provide feedback to the reporting person within the first three months. As part of this service, our software system can generate an annual report for you with an overview of reports received through the channel.

Policy and procedure

PwC can, if required, support you in drafting your protected disclosures policy and procedures for the handling of reports through the internal reporting channel, to align with legislative requirements and recommended best practice. We can also advise you on the governance i.e. allocation of roles and responsibilities within your organisation to ensure the process is robust and efficient.

Anchoring and effective communication

PwC can draft an explanatory text describing the purpose of the internal reporting scheme, how it supports your company values, as well as guidance for workers to ensure effective communication about the internal reporting channel.

Please contact us if you would like to have an initial conversation about your requirements or obligations...



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Some key insights *

Organisations with formal reporting channels **detect fraud more quickly** and **have lower losses** than organisations without formal reporting channels

Web-based / Online reporting is now more widely used than telephone hotlines

42% of frauds are detected by tips, the majority of which come from employees

* ACFE, Occupational Fraud 2022: A Report to the Nations