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Effective Hotlines Valuable for More than Fraud Detection

Cheryl T. Metrejean
Anonymous hotlines are a valuable tool for detecting fraud in an organization because most frauds are detected by tips, according to the 2010 "Report to the Nations" from the Association of Certified Fraud Examiners.

An effective hotline can be a great tool for encouraging employees and others to report suspected fraud in an organization but can be a cost with little benefit if done poorly.

How can an organization increase the odds that a hotline will be effective and worthwhile? An effective hotline can be a positive tool for organizations to detect fraud and to increase organizational efficiency, cut costs and improve employee morale. This tool is well worth its cost if done well.

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that the hotline is working and calls are valued and followed through.

In addition, if calls to the hotline can be positive or negative, employees are less likely to fear a reprisal if others find out they made a call.

Organizations should make the phone number and Web address for the hotline easy for employees to access both at the workplace and away since some employees may feel more comfortable contacting the hotline "away from the office."

Posting the number on the organization's website may be a good way to make it accessible to both employees and others who deal with the organization who may have information. Others may include vendors or customers who deal with the organization on a regular basis and can be valuable resources.

Making the hotline contact information easily available increases the chances that all parties with relevant information will provide that information freely.

The organization must constantly keep the hotline visible and remind employees and others to use it. Failure to do so may result in the "out of sight, out of mind" problem, and it will lose its effectiveness.

In addition, callers' identities must be kept in the strictest of confidence to build and maintain trust in the system. Any reward system should reward the department or area where a tip was received so a caller is not identified (since an anonymous system won't allow that) and to avoid competition or jealousy between employees.

In summary, hotlines can be a positive tool for organizations to detect fraud and to increase organizational efficiency, cut costs and improve employee morale. This tool is well worth its cost if done well.

Cheryl Metrejean is an associate professor in the School of Accounting teaching in the areas of taxation and forensic accounting. She can be reached at cmetrejean@georgiasouthern.edu.