

Whistleblower Policy

Pursuant to the passage of the Sarbanes-Oxley Act (SOX) in the summer of 2002, ALL companies should have adopted an official whistleblower policy. Such a policy provides a safe and formal process for employees to anonymously report concerns or complaints about questionable processes or to report criminal, fraudulent or unethical acts. It must also protect the individual who is expressing these concerns, guaranteeing that there is no retribution for their reporting. The law does not force the employee to demonstrate misconduct; a reasonable belief or suspicion that a fraud exists is enough to create a protected status for the employee. It is actually illegal for a corporate entity to punish a whistleblower in any manner.

Some organizations have set an informal “tone at the top”, as far as management’s expectations regarding employees’ behavior. Others may have verbally expressed a particular code of conduct. Still others are utilizing the strengths of an internal Compliance Officer to investigate and resolve reported complaints and allegations. We strongly recommend that organizations include a whistleblower component as part of their written personnel policy in a Code of Ethics and Conduct section. Written policies that are vigorously enforced by executive staff and the Board of Directors send a message that misconduct is not tolerated. Below is a sample of a Whistleblower Policy.

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Sample Whistleblower Policy

General

{Organization's name} requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the {Organization's name}, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to report ethics violations or suspected violations in accordance with this Whistleblower Policy.

No Retaliation

No director, officer or employee who in good faith reports an ethics violation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within {Organization's name} prior to seeking resolution outside {Organization's name}.

Reporting Violations

{Organization's name} has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected ethics violations to the {Organization's name}'s Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following {Organization's name}'s open door policy, individuals should contact {Organization's name}'s Compliance Officer directly.

Compliance Officer

The {Organization's name}'s Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations and, at his/her discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity. The {Organization's name}'s Compliance Officer is the chair of the audit committee.

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Accounting and Auditing Matters

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Audit Committee Compliance Officer:

{Name}

{Organization}

{Contact information}

{Organization's name} Management Staff

{Name and Title}

Policy Approved by the {Organization's name} Board of Directors on {Date}.

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