
Whistleblower software aids ethical quandries

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by *Shane Schick*

A Canadian company is trying to automate the process by which would-be whistleblowers can warn their employers about potential corporate wrongdoing.

Launched less than a year ago, [ClearView Strategic Partners](#) has already signed up customers such as Air Canada, Rona and Sears Canada to its Connects ethics reporting services. These include a Web-based portal that allows employees to anonymously report misconduct, which is stored in a central data repository, as well as a call centre. The company recently announced it has chosen [Fusepoint Managed Services](#) to handle its IT infrastructure.

Phil Enright, managing partner at ClearView, said Connects was developed to handle the so-called "whistleblower provision" section of both the U.S. Sarbanes-Oxley Act (Section 301.4) and Canada's Multi-lateral Instrument 52-110 (part of Bill 198).

The wording in both cases is identical as it relates to this provision: that an audit committee "shall establish procedures for the receipt, retention, and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and, the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters."

Connects subscribers who receive alerts, said Enright, "tend to include internal audit departments, general counsel and chief compliance officers. It tends not to be the CEO, or the CFO, because any of those levels of management could be involved in the activity."

The company decided to outsource IT infrastructure to Fusepoint, Enright said, in part because the firm's Canadian location provides a haven for local customers from the U.S. Patriot Act, which gives the U.S. Justice Department sweeping powers over access to data on any U.S. resident.

"I've heard that come up in some other conversations, but the other conversations were with government entities in a proposal stage right now," Fusepoint president George Kerns said. "It wasn't a commercial company like Clearview."

Although ClearView subscribers can promise not to trace where alerts come from, Enright said the ability to guarantee high availability 24/7 is critical to making the service effective.

"Some employees will still feel reluctant to report from work. They'll report from home, they'll report from the library," he said.

Enright said Clearview has been talking clients on tours of Fusepoint's facilities to demonstrate it has the right kind of outsourcing relationship to store and manage their data.

"The security factor is huge for us. These are major organizations, major multi-national corporations," he said. "The reports that are submitted are potentially dealing with fraudulent activity that could affect the share price of the organization."

Kerns said talking users through a data centre can be highly persuasive.


"I think people want to make sure that you're walking your talk, so to speak," he said. "Too many people will tell you a lot of stuff, but the tour has to be somewhat of a validation of what they were told."

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