

## Model Document: Formal Report

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Transmittal memo identifies topic of attached formal report.

Memo author initials document before distributing.

Content of report is briefly summarized.

Closing expresses hope that report fills its purpose.

### CGF AIRCRAFT CORPORATION MEMO

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To: Members of the Ethics and Business Conduct Committee  
From: Susan Litzinger, Director of Ethics and Business Conduct  
Date: March 1, 20--  
Subject: Reported Ethics Cases 20-- *SL*

Enclosed is the annual Ethics and Business Conduct Report, as required by CGF Policy CGF-EP-01, for your evaluation, covering the first year of our Ethics Program. This report contains a review of the ethics cases handled by CGF Ethics officers and managers during 20--.

The ethics cases reported are analyzed according to two categories: (1) major ethics cases, or those potentially involving serious violations of company policy or illegal conduct, and (2) minor ethics cases, or those that do not involve serious policy violations or illegal conduct. The report also examines the mode of contact in all of the reported cases and the disposition of the substantiated major ethics cases.

It is my hope that this report will provide the Committee with the information needed to assess the effectiveness of the first year of CGF's Ethics Program and to plan for the coming year. Please let me know if you have any questions about this report or if you need any further information. I may be reached at (555) 211-2121 and by email at <sl@cgf.com>.

Title defines report purpose and includes period covered in subtitle.

Report author includes name and title.

Includes name of company to which report is submitted.

Title page is unnumbered.

REPORTED ETHICS CASES  
Annual Report 20--

Prepared by Susan Litzinger  
Director of Ethics and Business Conduct

Report Distributed March 1, 20--

Prepared for  
The Ethics and Business Conduct Committee  
CGF Aircraft Corporation

Abstract follows title page.

Top and bottom margins are equal.

Report conclusions and recommendations are summarized.

Lowercase Roman numerals used on front matter pages.

## ABSTRACT

This report examines the nature and disposition of 3,458 ethics cases handled companywide by CGF Aircraft Corporation's ethics officers and managers during 20--. The purpose of this annual report is to provide the Ethics and Business Conduct Committee with the information necessary for assessing the effectiveness of the Ethics Program's first year of operation. Records maintained by ethics officers and managers of all contacts were compiled and categorized into two main types: (1) major ethics cases, or cases involving serious violations of company policies or illegal conduct, and (2) minor ethics cases, or cases not involving serious policy violations or illegal conduct. This report provides examples of the types of cases handled in each category and analyzes the disposition of 30 substantiated major ethics cases. Recommendations for planning for the second year of the Ethics Program are (1) continuing the channels of communication now available in the Ethics Program, (2) increasing financial and technical support for the Ethics Hotline, (3) disseminating the annual ethics report in some form to employees to ensure employees' awareness of the company's commitment to uphold its Ethics Policies and Procedures, and (4) implementing some measure of recognition for ethical behavior to promote and reward ethical conduct.

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Headings are uniform in style.

Subheads are indented.

Page numbers are listed for each entry.

Opening states report's purpose.

Background information is provided.

Scope of report is described.

## EXECUTIVE SUMMARY

This report examines the nature and disposition of the 3,458 ethics cases handled by the CGF Aircraft Corporation's ethics officers and managers during 20--. The purpose of this report is to provide CGF's Ethics and Business Conduct Committee with the information necessary for assessing the effectiveness of the first year of the company's Ethics Program.

Effective January 1, 20--, the Ethics and Business Conduct Committee (the Committee) implemented a policy and procedures for the administration of CGF's new Ethics Program. The purpose of the Ethics Program, established by the Committee, is to "promote ethical business conduct through open communication and compliance with company ethics and standards." The Office of Ethics and Business Conduct was created to administer the Ethics Program. The director of the Office of Ethics and Business Conduct, along with seven ethics officers throughout the corporation, was given the responsibility for the following objectives:

- Communicate the values and standards for CGF's Ethics Program to employees.
- Inform employees about company policies regarding ethical business conduct.
- Establish companywide channels for employees to obtain information and guidance in resolving ethics concerns.
- Implement companywide ethics-awareness and education programs.

Employee accessibility to ethics information and guidance was available through managers, ethics officers, and an ethics hotline.

Major ethics cases were defined as those situations potentially involving serious violations of company policies or illegal conduct. Examples of major ethics cases included cover-up or defective workmanship or use of defective parts in products; discrimination in hiring and promotion; involvement in monetary or other kickbacks; sexual harassment; disclosure of proprietary or company information; theft; and use of corporate Internet resources for inappropriate purposes, such as conducting personal business, gambling, or access to pornography.

Minor ethics cases were defined as including all reported concerns not classified as major ethics cases. Minor ethics cases were classified as informational queries from employees, situations involving coworkers, and situations involving management.

The effectiveness of CGF's Ethics Program during the first year of implementation is most evidenced by (1) the active participation of employees in the program and the 3,458 contacts employees made regarding ethics concerns through the various channels available to them, and (2) the action taken in the cases reported by employees, particularly the disposition of the 30 substantiated major ethics cases. Disseminating information about the disposition of ethics cases, particularly information about the severe disciplinary actions taken in major ethics violations, sends a message to employees that unethical or illegal conduct will not be tolerated.

Based on these conclusions, recommendations for planning the second year of the Ethics Program are (1) continuing the channels of communication now available in the Ethics Program, (2) increasing financial and technical support for the Ethics Hotline, the most highly utilized mode of contact in the ethics cases reported in 20--, (3) disseminating this report in some form to employees to ensure their awareness of CGF's commitment to uphold its Ethics Policy and Procedures, and (4) implementing some measure of recognition for ethical behavior, such as an "Ethics Employee of the Month" award to promote and reward ethical conduct.

Report conclusions are summarized.

Major recommendations are included.

Executive summary length is approximately 10% of report length.

Opening states report's purpose.

Subheads signal shifts in topic.

Background information is included.

## INTRODUCTION

This report examines the nature and disposition of the 3,458 ethics cases handled companywide by CGF's ethics officers and managers during 20--. The purpose of this report is to provide the Ethics and Business Conduct Committee with the information necessary for assessing the effectiveness of the first year of CGF's Ethics Program. Recommendations are given for the Committee's consideration in planning for the second year of the Ethics Program.

### *Ethics and Business Conduct Policy and Procedures*

Effective January 1, 20--, the Ethics and Business Conduct Committee (the Committee) implemented Policy CGF-EP-01 and Procedure CGF-EP-02 for the administration of CGF's new Ethics Program. The purpose of the Ethics Program, established by the Committee, is to "promote ethical business conduct through open communication and compliance with company ethics and standards." (CGF's "Ethical Business Conduct").

The Office of Ethics and Business Conduct was created to administer the Ethics Program. The director of the Office of Ethics and Business Conduct, along with seven ethics officers throughout CGF, was given the responsibility for the following objectives:

- Communicate the values, standards, and goals of CGF's Ethics Program to employees.
- Inform employees about company ethics policies.
- Provide companywide channels for employee education and guidance in resolving ethics concerns.
- Implement companywide programs in ethics-awareness, education, and recognition.
- Ensure confidentiality in all ethics matters.

Employee accessibility to ethics information and guidance became the immediate and key goal of the Office of Ethics and Business Conduct in its first year of operation. The following channels for contact were set in motion during 20--:

Details of methodology used are included.

- Managers throughout CGF received intensive ethics training; in all ethics situations employees were encouraged to go to their managers as the first point of contact.
- Ethics officers were available directly to employees through face-to-face or telephone contact, to managers, to callers using the ethics hotline, and by email.
- The Ethics Hotline was available to all employees, 24 hours a day, 7 days a week, to anonymously report ethics concerns.

#### *Confidentiality Issues*

CGF's Ethics Policy ensures confidentiality and anonymity for employees who raise genuine ethics concerns. Procedure CGF-EP-02 guarantees appropriate discipline, up to and including dismissal, for retaliation or retribution against any employee who properly reports any genuine ethics concern.

#### *Documentation of Ethics Cases*

The following requirements were established by the director of the Office of Ethics and Business Conduct as uniform guidelines for the documentation by managers and ethics officers of all reported ethics cases:

- Name, position, and department of individual initiating contact, if available
- Date and time of contact
- Name, position, and department of contact person
- Category of ethics case
- Mode of contact
- Resolution

Managers and ethics officers entered the required information in each reported ethics case into an ACCESS database file, enabling efficient retrieval and analysis of the data.



Criteria used to differentiate major from minor infractions are included.

### *Major/Minor Category Definition and Examples*

Major ethics cases were defined as those situations potentially involving serious violations of company policies or illegal conduct. Procedure CGF-EP-02 requires notification of the Internal Audit and the Law Departments in serious ethics cases. The staffs of the Internal Audit and the Law Departments assume primary responsibility for managing major ethics cases and for working with the employees, ethics officers, and managers involved in each case.

Examples of situations categorized as major ethics cases:

- Cover-up of defective workmanship or use of defective parts in products
- Discrimination in hiring and promotion
- Involvement in monetary or other kickbacks from customers for preferred orders
- Sexual harassment
- Disclosure of proprietary customer or company information
- Theft
- Use of corporate Internet resources for inappropriate purposes, such as conducting private business, gambling, or access to pornography

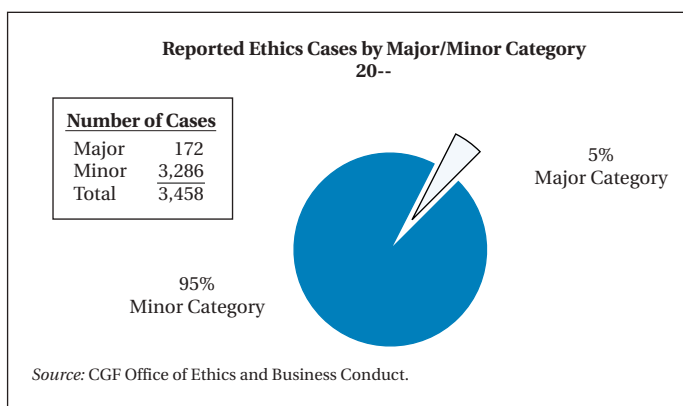
Minor ethics cases were defined as including all reported concerns not classified as major ethics cases. Minor ethics cases were classified as follows:

- Informational queries from employees
- Situations involving coworkers
- Situations involving management

## ANALYSIS OF REPORTED ETHICS CASES

### *Reported Ethics Cases by Major/Minor Category*

CGF ethics officers and managers companywide handled a total of 3,458 ethics situations during 20--. Of these cases, only 172, or 5 percent, involved reported concerns of a serious enough nature to be classified as major ethics cases (see Figure 1). Major ethics cases were defined as those situations potentially involving serious violations of company policy or illegal conduct.



**Figure 1.** Reported ethics cases by major/minor category in 20--.

### *Major Ethics Cases*

Of the 172 major ethics cases reported during 20--, 57 percent, upon investigation, were found to involve unsubstantiated concerns. Incomplete information or misinformation most frequently was discovered to be the cause of the unfounded concerns of misconduct in 98 cases. Forty-four cases, or 26 percent of the total cases reported, involved incidents partly substantiated by ethics officers as serious misconduct; however, these cases were discovered to also involve inaccurate information or unfounded issues of misconduct.

Figures placed in centered boxes.

Title within figure box is centered at top.

Each figure is identified with a title and number.

Detailed findings are presented.

Only 17 percent of the total number of major ethics cases, or 30 cases, were substantiated as major ethics situations involving serious ethical misconduct or illegal conduct (CGF “20-- Ethics Hotline Results”) (see Figure 2).

Figures are numbered sequentially.

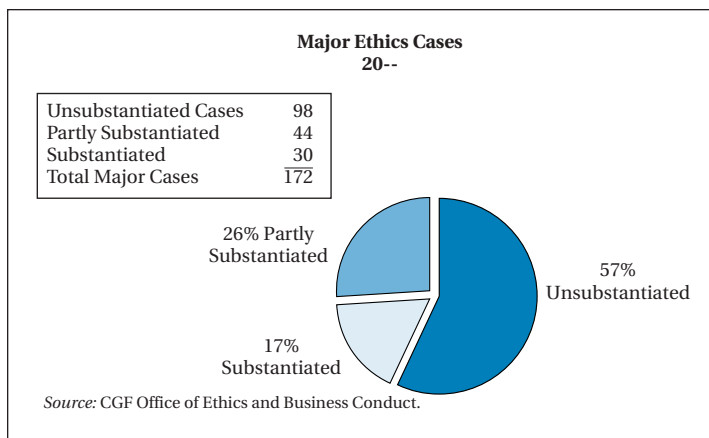
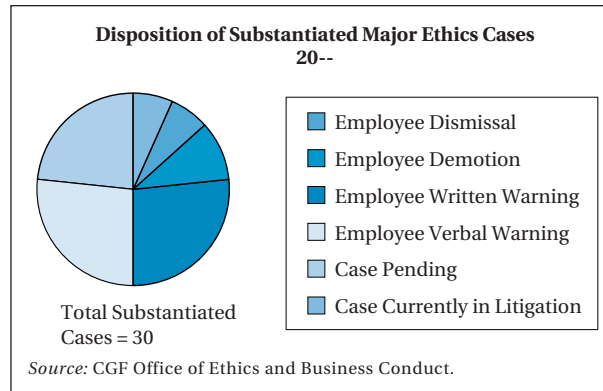


Figure 2. Major ethics cases in 20--.

Of the 30 substantiated major ethics cases, seven remain under investigation at this time, and two cases are currently in litigation. Disposition of the remainder of the 30 substantiated reported ethics cases included severe disciplinary action in five cases: the dismissal of two employees and the demotion of three employees. Seven employees were given written warnings, and nine employees received verbal warnings (see Figure 3).

Graphs clarify report information.



**Figure 3.** Disposition of substantiated major ethics cases in 20--.

#### *Minor Ethics Cases*

Minor ethics cases included those that did not involve serious violations of company policy or illegal conduct. During 20--, ethics officers and company managers handled 3,268 such cases. Minor ethics cases were further classified as follows:

- Informational queries from employees
- Situations involving coworkers
- Situations involving management

As might be expected during the initial year of the Ethics Program implementation, the majority of contacts made by employees were informational, involving questions about the new policies and procedures. These informational contacts comprised 55 percent of all contacts of a minor nature and numbered 2,148. Employees made 989 contacts regarding ethics concerns involving coworkers and 149 contacts regarding ethics concerns involving management (see Figure 4).

Findings are reported in detail.

Program effectiveness is analyzed in detail.

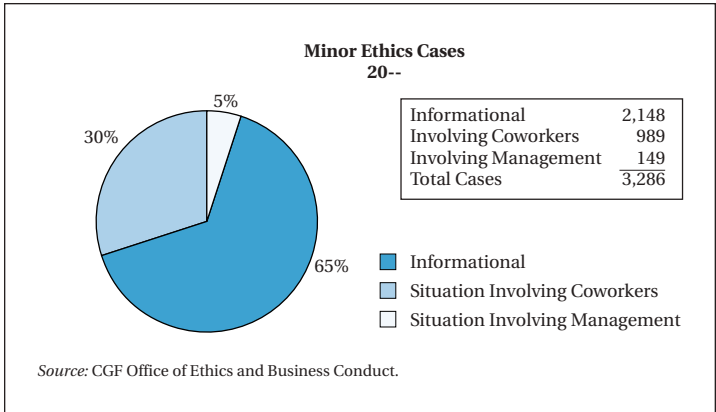


Figure 4. Minor ethics cases in 20--.

*Mode of Contact*

The effectiveness of the Ethics Program rested on the dissemination of information to employees and the provision of accessible channels through which employees could gain information, report concerns, and obtain guidance. Employees were encouraged to first go to their managers with any ethical concerns, because those managers would have the most direct knowledge of the immediate circumstances and individuals involved.

Other channels were put into operation, however, for any instance in which an employee did not feel able to go to his or her manager. The ethics officers companywide were available to employees through telephone conversations, face-to-face meetings, and email contact. Ethics officers also served as contact points for managers in need of support and assistance in handling the ethics concerns reported to them by their subordinates.

The Ethics Hotline became operational in mid-January 20-- and offered employees assurance of anonymity and confidentiality. The Ethics Hotline was accessible to all employees on a 24-hour, 7-day basis. Ethics officers companywide took responsibility on a rotational basis for handling calls reported through the hotline.

Source: The Technical Writer's Companion (3rd edition) by Gerald J. Alred, Charles T. Brusaw, and Walter E. Oliu (Bedford/St. Martin's, 2002)

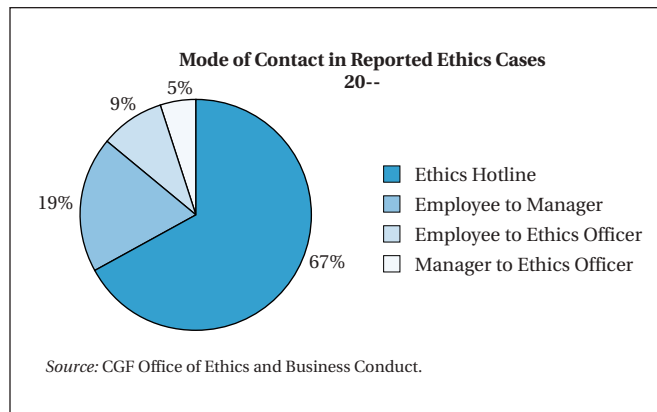
Bulleted lists help organize and summarize information.

In summary, ethics information and guidance was available to all employees during 20--through the following channels:

- Employee to manager
- Employee telephone, face-to-face, and email contact with ethics officer
- Manager to ethics officer
- Employee Hotline

The mode of contact in the 3,458 reported ethics cases was as follows (see Figure 5):

- In 19 percent of the reported cases, or 657, employees went to managers with concerns.
- In 9 percent of the reported cases, or 311, employees contacted an ethics officer.
- In 5 percent of the reported cases, or 173, managers sought assistance from ethics officers.
- In 67 percent of the reported cases, or 2,317, contacts were made through the Ethics Hotline.



**Figure 5. Mode of contact in reported ethics cases in 20--.**

Opening pulls together findings presented in report.

Outside source adds credibility.

Findings presented in report are interpreted.

## CONCLUSIONS AND RECOMMENDATIONS

The effectiveness of CGF's Ethics Program during the first year of implementation is most evidenced by (1) the active participation of employees in the program and the 3,458 contacts employees made regarding ethics concerns through the various channels available to them, and (2) the action taken in the cases reported by employees, particularly the disposition of the 30 substantiated major ethics cases.

One of the 12 steps to building a successful Ethics Program identified by Frank Navran in *Workforce* magazine is an ethics communication strategy. Navran explains that such a strategy is crucial in ensuring

that employees have the information they need in a timely and usable fashion and that the organization is encouraging employee communication regarding the values, standards and the conduct of the organization and its members (Navran 119).

The 3,458 contacts by employees during 20-- attest to the accessibility and effectiveness of the communication channels that exist in CGF's Ethics Program.

An equally important step in building a successful ethics program is listed by Navran as "Measurements and Rewards," which he explains as follows:

In most organizations, employees know what's important by virtue of what the organization measures and rewards. If ethical conduct is assessed and rewarded, and if unethical conduct is identified and dissuaded, employees will believe that the organization's principals mean it when they say the values and code of ethics are important (Navran 121).

Disseminating information about the disposition of ethics cases, particularly information about the severe disciplinary actions taken in major ethics violations, sends a message to employees that unethical or illegal conduct will not be tolerated. Making public the tough-minded actions taken in cases of ethical misconduct provides "a golden opportunity to make other employees aware that the behavior is unacceptable and why" (Ferrell and Gardiner 129).

Recommendations are offered.

Author emphasizes what should be done based on report's findings.

With these two points in mind, I offer the following recommendations for consideration for plans for the Ethics Program's second year:

- Continuation of the channels of communication now available in the Ethics Program
- Increased financial and technical support for the Ethics Hotline, the most highly utilized mode of contact in the reported ethics cases in 20--
- Dissemination of this report in some form to employees to ensure employees' awareness of CGF's commitment to uphold its Ethics Policy and Procedures
- Implementation of some measure of recognition for ethical behavior, such as an "Ethics Employee of the Month," to promote and reward ethical conduct

To ensure that employees see the value of their continued participation in the Ethics Program, feedback is essential. The information in this annual review, in some form, should be provided to employees. Knowing that the concerns they reported were taken seriously and resulted in appropriate action by Ethics Program administrators would reinforce employee involvement in the program. While the negative consequences of ethical misconduct contained in this report send a powerful message, a means of communicating the *positive* rewards of ethical conduct at CGF should be implemented. Various options for recognition of employees exemplifying ethical conduct should be considered and approved.

Continuation of the Ethics Program's successful 20-- operations, with the implementation of the above recommendations, should ensure the continued pursuit of the Ethics Program's purpose: "to promote a positive work environment that encourages open communication regarding ethics and compliance issues and concerns."



References appear  
on separate page.

#### WORKS CITED

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