

Investigations: Are you ready?



Investigations help an organisation to answer the important questions that arise when things go wrong. While it's possible to implement measures to reduce the risks of things going wrong, it's not usually practical to eliminate those risks entirely. With that in mind, we've compiled a list of five areas to consider in advance so that, when the need for an investigation does arise, you can respond quickly and effectively.

Data protection

A key success factor to investigations is the volume and quality of information that is available. Many investigations rely upon data from accounting systems, operational systems, servers and the contents of computers or other devices used by employees.

Many countries have data protection/privacy rules which may restrict the use of certain data. In some cases, rules may be intractable; in other cases, there are exceptions that apply if you are faced with a serious threat to your business. However, don't leave it until an issue arises to consider data protection: get advice now on the need to notify or obtain consent from the authorities, your employees, and others (e.g. suppliers and customers) regarding the ways in which you or your

advisors may process data in order to combat crime or misconduct.

Employment policies

Unfortunately, fraud and other misconduct against an organisation is often committed by, or with the collusion of, its own employees. Individuals willing to commit fraud and misconduct are often also willing to exploit gaps or inconsistencies in their employment contracts or company policies to obstruct investigations and/or to avoid responsibility for their actions during disciplinary or legal proceedings.

Ensure that the rules set out in employment contracts and disciplinary policies are clear in terms of the ethical expectations that your organisation has of its employees and the steps that the organisation will take in the event that misconduct is suspected or proven. Also, be consistent in application of those principles: a failure to apply the rules even-handedly may be used by an employee to claim victimisation.

Records management

The quality and accessibility of business records is critical to many aspects of a company's efficient day-to-day operation. Investigations are often hampered as a result of inadequate

or poorly organised records; in the worst case, it may prevent the truth being uncovered at all. Fraudsters often exploit poor record-keeping to avoid detection.

Improvement of records management is a broad task for a business to address, as it may have an impact on processes across the business, but the huge benefits of improved record-keeping to compliance and overall business efficiency make it an area worthy of consideration.

Employee engagement

Although fraud and misconduct against organisations are often committed by employees, those employees are a small minority. Most employees are decent and honest and are potentially one of the best detective controls available to you. By engaging employees in the fight against fraud, you can ensure that problems are picked up quickly and that, when an investigation is needed, investigators can get quickly to the heart of the problem.

Fraud awareness campaigns and training help employees to spot the signs of fraud and act appropriately if they do. Likewise, a well-designed and maintained whistle-blowing mechanism can be a great source of high quality information. Provided that these “soft” controls are transparent to all employees and employees are protected from victimisation in the organisation, then they can be highly effective.

For investigators, the greatest benefit of employee engagement is the creation of an environment in which they can seek the cooperation of employees, and leverage their deep business knowledge to resolve the case more quickly and effectively.

Trusted advisors

Few organisations have dedicated investigators; even those that do may need support from time-to-time depending on the size and nature of the investigations required and the workload of their investigators. Many investigations are time-critical: vital evidence may be intentionally or unintentionally destroyed, and the problem may escalate in days or even hours. When those situations arise, having trusted advisors at hand can be the difference between success and failure.

For large organisations who regularly conduct investigations, having framework agreements in place with appropriate advisors can enable resources to be mobilised very quickly. This can be especially beneficial for businesses with operations in several countries. Even small enterprises with much less frequent need of investigative support may benefit from identifying and maintaining contact with relevant advisors as part of their fraud response plans: it can remove a lot of the stress when a major incident arises if you have an experienced expert to call.



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KPMG Forensic in Central and Eastern Europe

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