

Internal Investigation Missteps

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An internal investigation is generally the first step to detect employee fraud. But it is not always easy. There are many missteps that can derail any investigation. The following show some of the most common missteps—and how to avoid them.

Misstep #1 Investigative Team Bias

A risk manager's initial step is to determine who will be leading the investigation and who within the organization

Misstep #2 Suspect Is Not Cut Off

Based on the severity of the potential fraud, the suspect may need to be immediately isolated and constrained from accessing potential evidence once fraud is detected to preserve the integrity of the evidence. Specifically, the suspect can be placed on a leave of absence and restricted from accessing the organization's internal computer network and its books and records during the course of the investigation.

of the investigation, and consider issuing a document preservation order. (3) Document the chain of custody of the documents and materials, including how the information was obtained, when it was collected, who has handled it, where and how it was transported and where it is stored. (4) If electronic materials must be collected, ensure that the investigator understands the intricacies of hard-drive image creation and comprehensive electronic search.

Misstep #4 Background Checks Are Limited

Background checks are a logical step during a fraud investigation but the search is often limited, resulting in missed information about the suspect's lifestyle or litigation history. Common mistakes include: limiting the background check to internet or search engine research; not conducting the criminal background check on local, state and federal levels (including civil court records); and not analyzing the data within the context of the fraud allegations being investigated.

Misstep #5 Interviewing Suspect Too Early

Interviews are often one of the most valuable sources of information during an investigation. One common mistake is to interview the suspect of an investigation too early in the process, before investigators are able to review gathered documents and materials and interview other informants. Conducting the interview with the suspect later will enable investigators to develop pertinent questions and allow them to refer to relevant and potentially incriminating documents during the interview. Another mistake is to interview alone—two people should be present during an interview so that one can act as a witness and be responsible for documenting the findings. ■

will be privy to the results. One commonly overlooked factor is whether the investigative team is sufficiently removed from the situation to assure independence. Before selecting an investigator, a company should examine the candidate's relationship with both the suspect and the whistleblower (e.g., the investigator should never be the suspect's supervisor) and also ensure that the candidate is at an appropriate level within the organization to obtain the required information.

Misstep #3 Mishandling Evidence

The handling of evidence is one area in which errors can occur that can cause items to be deemed inadmissible in court. To protect the integrity of potential evidence, investigators should take the following steps: (1) Review the organization's privacy policy to confirm that collection of information and materials is done in accordance with company rules. (2) Determine which documents may be relevant to the scope

