

New Developments in Fraud and Ethics Audit

Organization and performance of
internal investigations

- ◆ Different phases of an investigation
 - **Referral**
 - Investigation
 - Report
 - Aftermath

◆ Potential contact points

- Ombudsman
- Ethics hotline
- Investigative unit
- Management
- Designated Compliance officer
- Designated internal auditor
- Workers' Council

◆ Referral opportunities

- Anonymous
 - Web link, E-mail, Black box, Telephone
 - Centralized
- In-person
 - Designated local contact

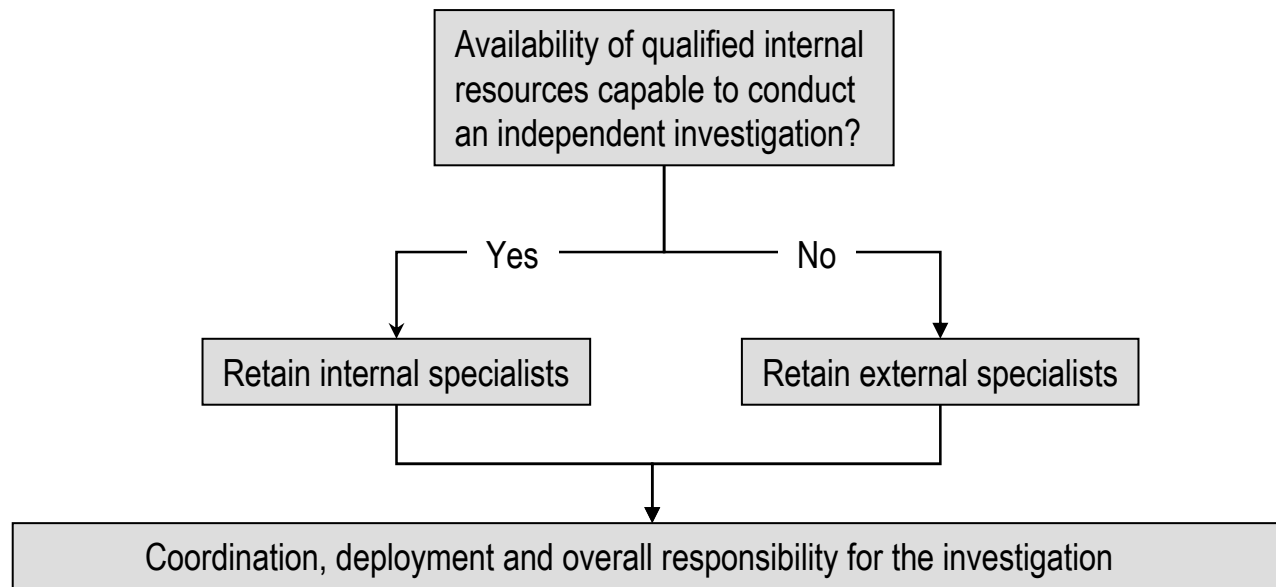
◆ Relevant policies

- Code of conduct
- Code of ethics
- Gift policy
- Fraud management policy
- Investigation policy
- Incident referral policy

- ◆ Creating and maintaining a culture of trust and integrity
 - The reputation of an employee is the most precious good
 - Leading-by-example
 - Clear organizational structures
 - Continuous improvement of internal controls
 - Regular awareness training sessions
 - Legal and compliance framework
 - Referral policies (when in doubt – escalate)
 - Deterrence through communication

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◆ Initial consideration / the established set-up



- ◆ Investigator recruits other members for the taskforce
 - Human Resources - Personnel files
 - IT - E-Mails and further IT-based data
 - Compliance - Regulatory implications
 - Legal - Coordination with external counsel
 - Internal Audit - Relevant internal documents
 - Public Relations - Crisis communication

◆ Preliminary assessment

- Quality of the allegation
- Substance
- Intention

◆ Data gathering

- Prompt and efficient fact-finding to form a solid legal basis for proof of claim
 - Paper based documentation
 - Digital criminalistics
 - Consider deleted data

- ◆ Establish an investigative thesis
 - The ~ 6 W's
- ◆ Data analysis
 - Forensic review and analysis of case materials
- ◆ Advanced Due Diligence of third parties
- ◆ Verification / falsification of investigative thesis
 - Falsification is frequently easier
 - If falsification is successful, establish a new thesis

◆ Asset tracing

- Analysis of financial transactions and flow of funds
- Localization of relocated assets
- Cooperation with law enforcement agencies to transfer officially seized assets to the realm of the damaged party
- Identification of other liable parties and seizable assets

◆ Interview

- Inform workers' council prior, if applicable
- Points to consider
 - Legal framework for interviews
 - Location
 - Participants
 - Notes and audio/visual recordings
 - Prepare for immediate action steps

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- ◆ Comprehensive investigative report including
 - Investigative steps
 - Findings
 - Results
 - Conclusions
 - Recommendations (incl. internal control environment)
- ◆ Can be used during criminal, civil and labor litigation

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- ◆ Discussions with
 - Business heads
 - Process owners
 - Internal Audit Department
 - Compliance Department
 - Legal Department
 - Human Resources
- ◆ Change of workflows
- ◆ Improvement of the internal control environment

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