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Polk County, Florida

Best Practices in Investigations

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February 1, 2019

Objectives

- Role of internal auditors in investigations
- What is fraud, waste or abuse?
- Types of investigations in internal audit
- Standards
- Fraud hotline
- Best Practices in performing investigations



Role of Internal Audit

- Perform internal audits of BoCC & Clerk
- Enhance transparency in government
- Investigate possible fraud, waste or abuse
- Frequently requested to assist in internal investigations
- Refer suspected illegal activity to law enforcement –OR–
- Work cooperatively with law enforcement



Why Internal Audit?

- Familiar with agency
- Familiar with records
- Familiar with people
- Access to records
- Independence
- Audit skills =
Investigative skills



**I'm
ALWAYS
on
duty!**



Internal audit often asked to perform investigations

- Whether seeking accreditation or not
- Whether IA or IG
- Any IA/IG shop can benefit from using best practices in performing investigations



Quiz

What are the elements of fraud?

- Illegal act, intent, deception, personal or financial gain
- Misrepresentation, knowledge, intent, reliance, damage
- Misrepresentation, intent, reliance, damage



What is fraud?

In Florida:

- Misrepresentation of a material fact
- Made with intent
- Victim reasonably relied on misrepresentation
- Damage



The Hard Facts – Fraud is real

- 74% of organizations experience payment fraud
- 74% exposed to email fraud
 - \$7 billion in losses in 2017
 - 89% asset misappropriation (theft)
 - Average duration of fraud 16 months
- Small organizations lost twice as much
- 40% of fraud is discovered by tips
- Employees detect more than half



Types of investigations

- Theft of cash funds
- Theft of cash receipts
- Fraudulent payments
- Theft of inventory or physical assets
- False sales

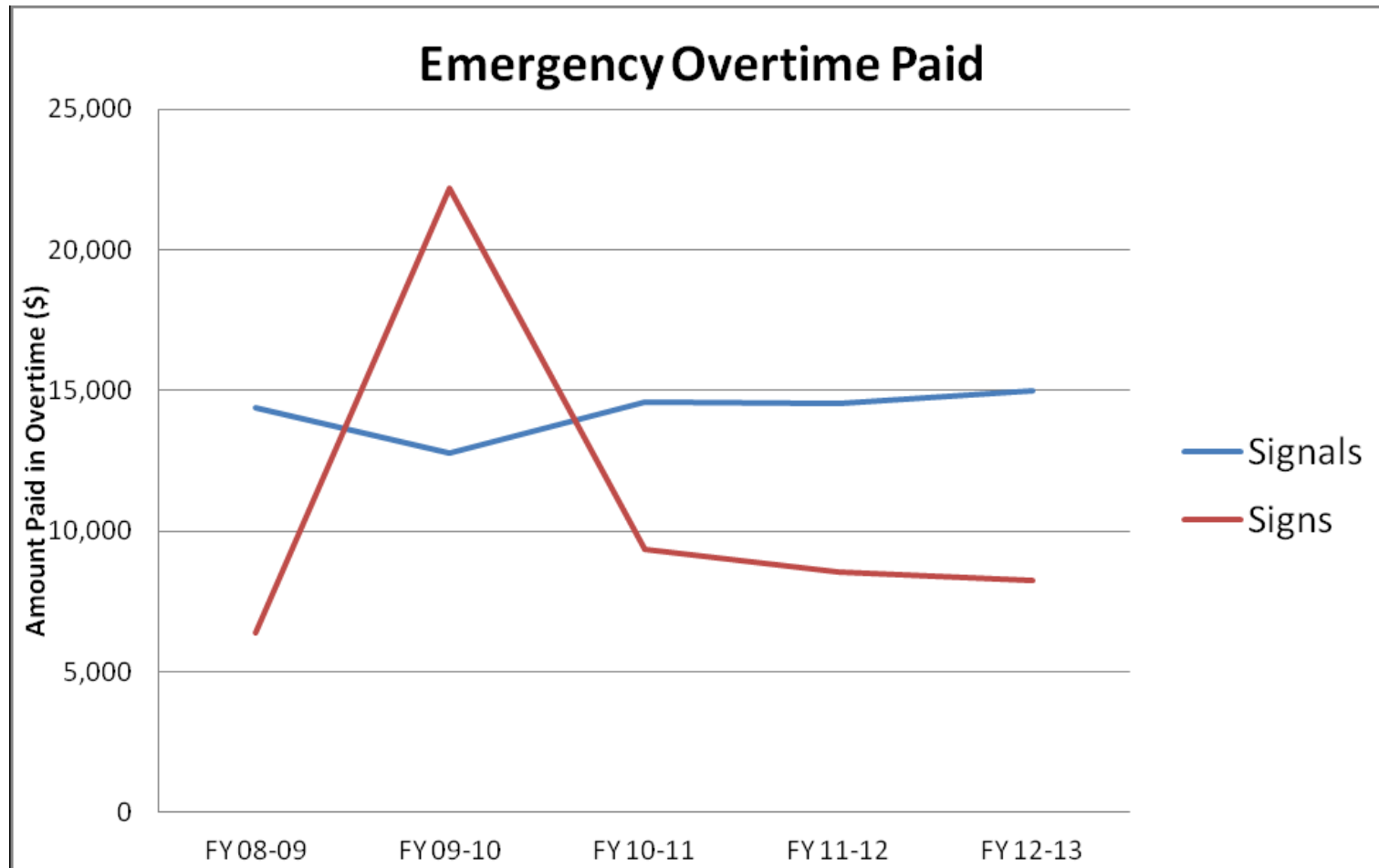


Waste and Abuse

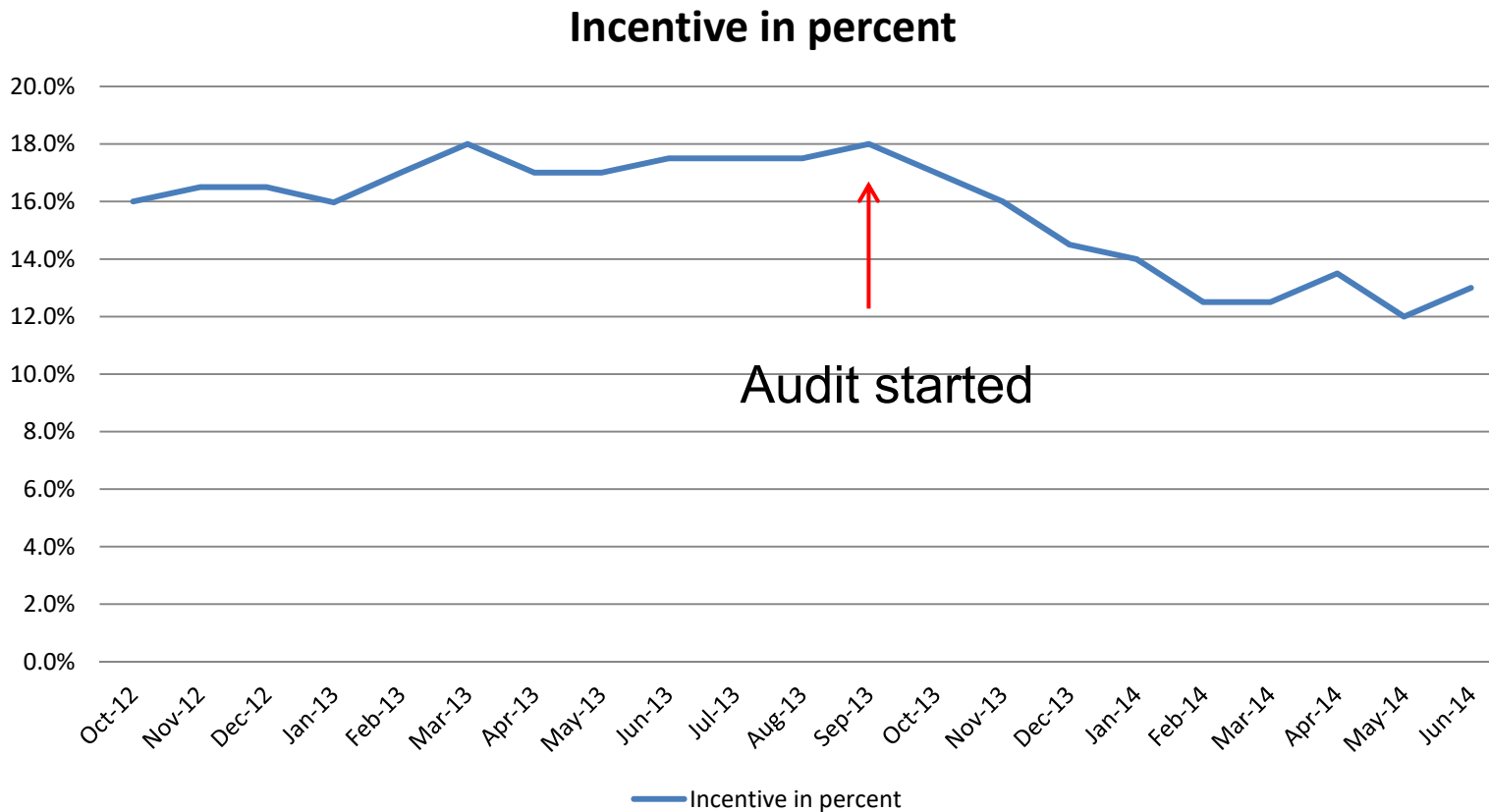
- What is waste?
 - Unnecessary costs due to inefficient spending
- What is abuse?
 - Violating or circumventing policies



Example of Abuse



Example of waste



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Standards

- Published standards can save time
- Principles and Standards for Offices of Inspectors General (AIG Green Book)

<http://inspectorsgeneral.org>

- Commission for Florida Law Enforcement Accreditation - Standards tab

www.flaccreditation.org



Difference from Audits

- Urgency
- Driven by allegation
- What's the violation?
- Investigative plan must be flexible
- Audit – over when you've completed program steps
- Investigation – over when you believe you can prove or disprove allegation



General Best Practices

- Code of ethics
- Mission statement
- Confidentiality
- Annual conflict of interest/ independence
- Evaluate independence on each case
- Policy and procedures for investigations
- Personnel/ hiring standards
- Continuing professional education



Establish a fraud hotline

- Who answers hotline calls? Outsource?
- If in-house, provide training to staff
- Will you accept voice mail tips?
- Advertise!
- Follow-up questions with anonymous complainants



Intake Considerations

- Competency and training of intake staff
- Excellent interviewing skills
- Procedure for intake and processing complaint
- Time frames for intake steps expedite the investigation
- Jurisdiction
- Whistle-blower – F.S. 112.3187-112.31895



Quiz

In what order would you perform the following steps?

- Interview witnesses
- Determine jurisdiction
- Prepare a case plan



Elements of case

- Written case plan
- Evidentiary support for findings
- Policy for interviews
- Journal of investigative activity
- Time frames are critical to timeliness
- Supervisory approval for deviations from policy
- Case file structure



Quiz

What is the best order of interviewing in an investigation?

- Subject
- Witnesses
- Complainant



Interviews

- Order of interviews: complainant, witnesses, subject
- Interviews under oath
- Interviews recorded or documented
- Choose location carefully
- Cover basics before you begin



Interviews (cont.)

- Be clear on your purpose and target
- Have a conversation
- Be a good listener
- Approach from different angles
- Ask open-ended questions
- Baseline the interviewee's body language



Information Needed

- Who, what, when, where, how
- Why is optional, but helpful!
- From witnesses, need:
 - Specific details
 - Supporting docs



Evidence Control

- Security of supporting documents and evidence
- Chain of custody
- Evidence control

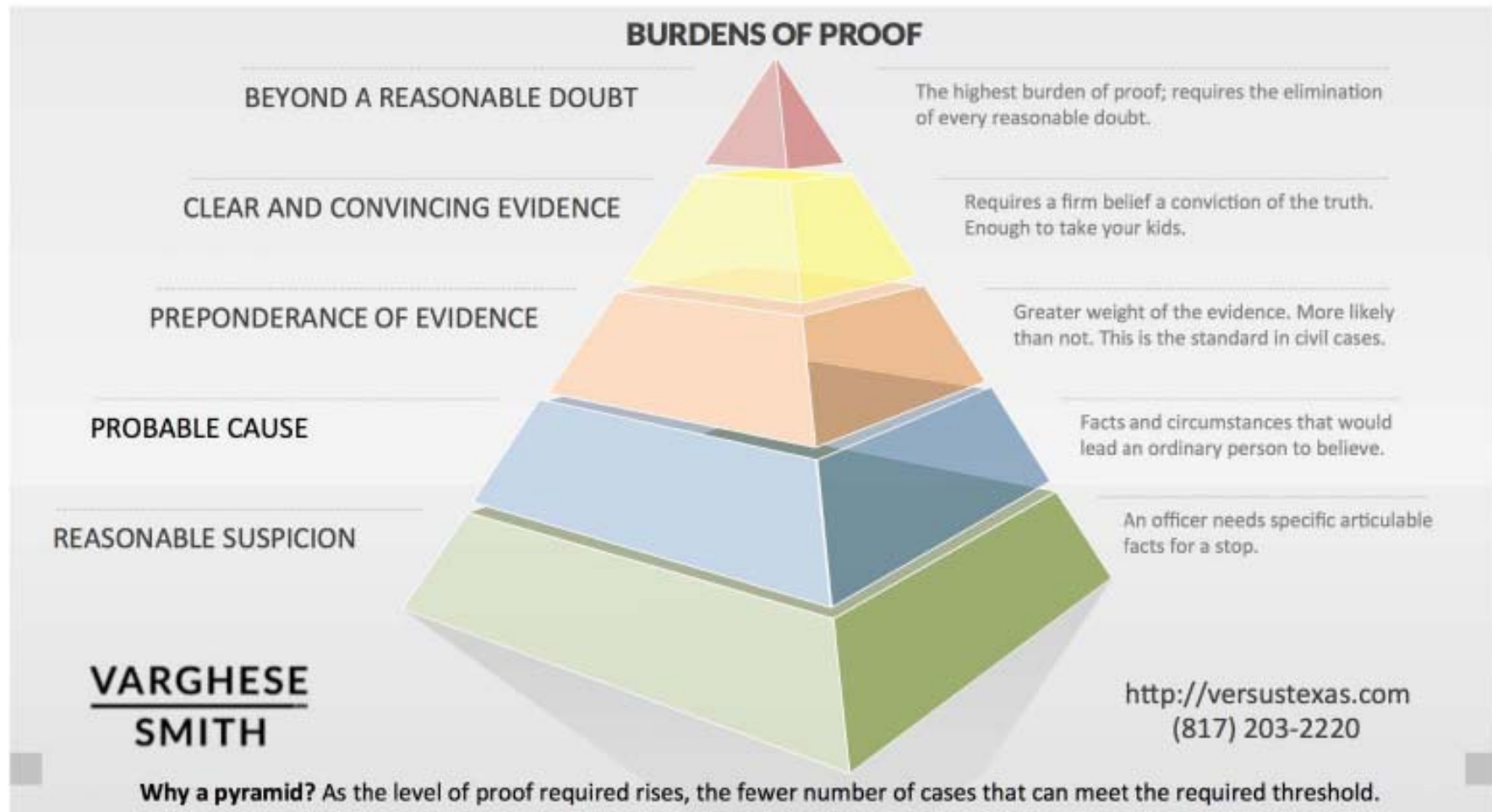


Reporting

- Standard formats and sections
- Allegations evaluated under relevant statutes or other governing principles
- Review for legal sufficiency, if needed
- Notification protocols



Burden of Proof



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Findings of Fact

Term Used in Report	Definition
Supported, Substantiated, Proven	Information met standard of proof to indicate the alleged act occurred
Unfounded, Disproven	Information met standard of proof to indicate alleged act DID NOT occur
Unsubstantiated, Inconclusive	Insufficient evidence to prove alleged act did or did not occur



Define findings of fact in your report

The standard or degree of proof required to establish a conclusion of fact is at least “by a preponderance of evidence”, which indicates evidence that establishes the fact sought to be true is more probable than not.

The IG defines the following three possible findings of fact:

Substantiated means there is sufficient information to justify a reasonable conclusion that the allegation is true.

Unsubstantiated means there is insufficient information to either prove or disprove the allegation.

Unfounded means there is sufficient information to indicate the allegation is false.



Fraud, Waste or Abuse

FRAUD HOTLINE:
863-534-7776



Online:
www.polkcountyclerk.net



Mail:
Inspector General
P.O. Box 9000,
Drawer CC-14
Bartow, FL 33831



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THANK YOU

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 Polk County Clerk