Speak Up!
How to Encourage and Respond to Employee Reporting

Presented to the Society of Corporate Compliance and Ethics
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Part I
Elements of an Effective Reporting Program

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Ethics Officer, DeVry Inc.
DeVry’s Global Organization

“Speaking Up” Program Objectives

- Empower employees to know why, when, and how to speak up
- Encourage employees to come forward in good faith without fear of retaliation
- Ensure matters are logged, tracked, and closed out in a robust case-management system
- Ensure that all matters are reviewed or investigated consistently, efficiently, and effectively
- Close-outs, reporting, and trending
Speaking Up: Program Components

- **Code of Conduct and “Speaking Up” Policy**
- **Training, Communications, and Awareness Materials**
- **In-take Systems and Mechanisms**
- **Centralized GCE Case Management System**
- **Investigations and Case Management**

**DeVry Inc.**
Global Compliance and Ethics
Code of Conduct and Ethics

Tone at the Top
setting the expectation

speak up

Assume your duty to ask questions and raise concerns.

We work hard to promote a culture where you are comfortable speaking up in good faith, without fear of retaliation. So, in addition to knowing and complying with the legal and policy requirements that apply to your job, you are expected to ask legal, compliance, and ethics questions; raise concerns; and report suspected wrongdoing.

You are encouraged to consider forward:

• If you have concerns about the current course of action and want advice.
• If you believe that an employee or someone acting on behalf of a party is doing—or has done—something wrong.
• If you have obtained retaliation.

When in doubt, remember that the most important thing is that you speak up. Resources for doing so, some of which allow you to remain anonymous, are discussed below in the section titled “speaking up.”
**Defining Compliance and Ethics Issues**

- Academic misconduct
- Accounting and financial reporting matters
- Adverse pricing practices
- Advertising and marketing
- Antitrust or competition law
- Bribery
- Bribery or corruption
- Credibility of investor
- Data loss or data privacy
- Discrimination and equal opportunity
- Faculty credential
- Disclosure of donations or contracts
- Financial fraud
- Frauds and legislation
- Gift and entertainment
- Government control and lobbying
- Government inquiries and investigations
- Improper building practices
- Improper hiring practices
- Improper recruitment practices
- Inappropriate use of DeVry resources or assets
- Insider trading
- Intellectual property
- Misrepresentation of educational programs
- Records and information management
- Sexual harassment
- Sexual orientation
- Sexual misconduct
- Vendor misconduct
- Workplace and campus security

**Defining Employee Relations Matters**

Employee-relations concerns

- Benefits
- Compensation or payroll
- Discrimination or harassment
- Employee feedback
- Facilities and building issues
- Personnel
- Inappropriate or improper managerial conduct
- Inadequate status
- Medical issue
- Costs
- PTO (paid time-off)
- Pay issues
- Performance issues
- Professional development opportunities
- Relocation
- Sexual harassment
- Time assistance
- Inappropriate or inappropriate behavior
- Transfers
- Work environment concerns
- Working hours

If your concern has not been fully addressed, or if you are uncomfortable speaking with your Human Resources representative, you may refer any of the "speaking up" channels referred to in this Code.
Speaking Up Resources

When you are faced with a difficult compliance or ethics situation or dilemma, you are expected to refer to this Code and to the policies that apply to your job. If, after doing so, you are still unsure, you are encouraged to speak with your manager. Many matters and issues can be resolved by first consulting with your manager or supervisor.

But if you are not comfortable speaking with your manager or supervisor, or if you have done so already and your question or concern has not been fully resolved, you have several other resources:

- Another manager in your line of management
- The DeVry Global Compliance and Ethics Officer
- A member of the DeVry legal team
- Your local Human Resources representative

Alternatively, if you wish to remain anonymous, you may contact the Compliance and Ethics HelpLine or visit the Compliance and Ethics HelpLine Information related to the HelpLine and HelpLine is provided below.

Compliance and Ethics HelpLine

DeVry’s Compliance and Ethics HelpLine is a toll-free phone reporting system that is available 24 hours a day, seven days a week, every day of the year. It is available to all employees of the DeVry family of educational institutions at any location we operate. When you call the HelpLine, you are actually calling a third-party service provider that is completely independent of DeVry and its institutions.

What happens when you call the HelpLine?

- You will be able to speak with a local language operator.
- You may remain anonymous.
- A HelpLine call specialist will answer your call and make a detailed summary of your question or concern.
- You will be provided a reference number so that you may check on the status of your matter.

For country-specific toll-free phone numbers, refer to the appendix at the end of this Code.

Anonymity and Confidentiality

Compliance and Ethics HelpLine

The Compliance and Ethics HelpLine is the web-based version of the HelpLine. It is made available to employees who are more comfortable asking questions or raising concerns electronically. The HelpLine is maintained by an independent third-party service provider. As with the HelpLine, you have the ability to remain anonymous when using the HelpLine. You also have the ability to enter your information in your local language.

All reports entered through the Compliance and Ethics HelpLine are given a reference number. You will be encouraged to follow up with a specified time to check on the status of your matter.

To access the Compliance and Ethics HelpLine’s web address, refer to the appendix at the end of the Code.

Anonymity

You can choose to remain anonymous when you speak up.

Whether you use the HelpLine or the HelpLine, you are provided the opportunity to remain anonymous. If you choose to remain anonymous, DeVry will be unable to learn your identity.

In certain cases, your institution’s president or other members of management may be notified about your report, and it is sometimes necessary to involve management to help ensure that a matter is thoroughly reviewed. Any member of management implicated in a report will not be notified of that report.

Confidentiality

Your question or concern will be kept as confidential as possible.

Every effort will be undertaken to protect the confidential nature of your concern as we must investigate, or resolve a matter—to the extent allowed under the law.
Zero Tolerance

no retaliation
The organization does not tolerate retaliation of any kind.
Devry seeks to promote a culture where employees are comfortable asking questions and raising concerns. Therefore, we do not tolerate retaliation against any employee who speaks up in good faith. For more information related to DeVry’s non-retaliation policy, refer to speaking up asking questions and raising concerns, within the Code.

bad-faith allegations
The organization does not tolerate bad-faith allegations
One of the objectives of the Speaking Up program is to help identify — in a constructive way — areas where we can improve our working environment and operations. For this reason, you are encouraged to come forward with legal, policy, compliance, and ethics questions in good faith.
However, such an environment can also be used for improper purposes. In such cases, we will not tolerate claims or allegations made in bad faith by any employee against another employee.
Examples of bad-faith allegations include making knowingly false statements related to the legal, policy, or compliance misconduct of another employee.
It is important to recognize, too, that repeated reporting, or reporting on matters that are inconsistent with the scope of your job or your job responsibilities, can actually have a negative impact or destructive effect on our working environment. Your good judgment when speaking up:
Employees found to have made bad-faith allegations against another employee are subject to disciplinary actions, up to and including termination of employment.

Speaking Up Ticklers Throughout

equal opportunities
Hire, train, and promote based on merit.
Decisions related to recruiting, hiring, and promoting should not be based on the basis of a candidate or employee’s race, color, creed, religion, political affiliation, national origin, gender, age, disability, marital status, sexual orientation, or citizenship status. This includes hiring, recruiting, testing, and promoting decisions on the need to provide reasonable accommodations for employees’ disabilities or religious beliefs. There may be other procedures offered under local laws or for locations outside of the United States.
If you have any questions or concerns related to potential discrimination, consult with your local Human Resources representative. You may also utilize any of the resources listed in the speaking up asking questions and raising a concern section of this Code.

time and resources
Use organizational time and resources only for work-related purposes.
To assist you in performing your duties for the organization, we provide you with resources and materials. Depending on the nature of your job, these items may include a computer network, access, software, a telephone or other mobile device, a vehicle, and other information, such as names and addresses from a database. In return for your time and the work you accomplish using these materials, you are compensated by the organization.
Misusing or wasting this time or these resources can negatively impact our ability to meet the educational needs of our students, as well as impact the organization’s growth and success. Therefore, we require you to use your work time and these resources specifically for your job.
Inappropriate and personal use of organization time and resources is permitted. However, your personal work must not interfere with your duties or your productivity, and it must not consume resources that could otherwise be used for organizational purposes.
If in doubt about what is or is not acceptable, ask your supervisor or contact Human Resources.
Speaking Up Policy

- Establishes expectation of employees to come forward
- Encourages the “first stop” to be a discussion with manager
- Reminds that employee-relations matters should be directed to Human Resources
- Provides other Speaking Up channels:
  - Manager’s manager
  - Human Resources
  - Law Department
  - Global Compliance and Ethics
  - Compliance and Ethics HelpLine or HelpSite
- Zero tolerance for retaliation and bad-faith reporting
- Anonymity and confidentiality
- Managers’ responsibilities

Speaking Up: Program Components
Welcome to the DeVry Compliance and Ethics Training Site

The DeVry family of education institutions ("DeVry") is committed to operating in compliance with the law and to upholding the highest standards of conduct, everywhere we operate. As a DeVry employee, you are required to complete certain compliance and ethics training programs that relate to your position within the organization.

These interactive courses are designed to help raise awareness on important legal and policy requirements, as well as to help you navigate through gray areas that you may face at work or in the classroom. These courses also show you where to turn with questions or concerns.

We hope you enjoy these training programs, and we thank you for your dedication to our students and for your commitment to pursuing our purpose the right way.

Remember, integrity begins with you.

Maurice L. Crescenzi, Jr.
Global Compliance and Ethics Officer
DeVry Inc.
In-take Systems

Code of Conduct and Speaking Up Policy

Training, Communications, and Mechanisms

Trending, Analysis, and Reporting

Investigations and Case Management

Centralized GCE Case Management System

Speaking Up Program

DeVry Inc.
Global Compliance and Ethics
Guidance, Collaboration, Excellence.

Awareness Materials

- Employees encouraged to ask questions and raise concerns
- Several "speaking up" resources:
  - Manager
  - Manager’s manager
  - Global Compliance and Ethics Officer
  - DeVry Legal
  - Human Resources
  - Compliance and Ethics HelpLine / HelpSite.
- Employee-relations matter should be referred to Human Resources

DeVry Inc.
Global Compliance and Ethics
Welcome to the DeVry Compliance and Ethics HelpSite, provided by EthicsPoint, an independent third-party service provider. On this site you can ask legal, policy, compliance, or ethics questions, disclose conflicts of interest, and report suspected wrongdoing. You have the ability to remain anonymous if you wish, and if you chose to remain anonymous, DeVry is not able to learn of your identity.

DeVry has always been dedicated to promoting a culture where employees are comfortable asking difficult policy or compliance questions and raising concerns — without fear of retaliation. This Compliance and Ethics HelpSite is part of our ongoing commitment to continue to promote this sort of open working environment.

DeVry does not tolerate retaliation against employees who ask questions or raise concerns in good faith. Similarly, DeVry does not tolerate bad-faith or frivolous reporting.

Remember that speaking with your manager is always a good place to start with compliance and ethics questions or concerns — and that you should contact Human Resources with regard to employee relations matters.

Thank you for bringing forward your question or concern.

Speak Up
- Ask a compliance or ethics question
- Disclose a conflict of interest
- Raise a concern
- Follow up on a report
- Speak Up using the HelpSite

Resources
- DeVry Code of Conduct and Ethics
- C-1: Speaking Up Policy

FAQs
- What is EthicsPoint?
- What happens after I speak up?
- Who sees my report?
- Other FAQs

Speaking Up Program Components

DeVry Inc.
Global Compliance and Ethics
**Case Management System**

- Case-management system managed by Global Compliance and Ethics
- Cases routed to appropriate departments / SMEs for review and handling
- Close working relationship with key functions, like Human Resources
- Other functions leverage same case-management platform
  - More efficient routing and handling of cases
  - Macro trending and reporting

**Speaking Up: Program Components**

- Case Management and Investigations policy establishes consistent practices related to the whens, whos, and hows related to investigations.
Case Management and Investigations Policy

- Cross-functional effort led by Global Compliance and Ethics
- Sets forth the principles that should be adhered to for all formal investigations
- Lays out the steps that should comprise any formal investigation
  - Determine the need for an investigation
  - Identify the lead investigator
  - Outline the case
  - Notify appropriate members of management
  - Develop investigations plan
  - Gather documentation and conduct interviews
  - Write report
  - Follow up

Closing the Ethics Loop

- Formal report and executive summary
- Share findings with key members of management and Human Resources
- Investigator recuses himself / herself from discussions related to discipline
- Case closed in the case-management system
- Global Compliance and Ethics Officer follows up with reporter
**Speaking Up: Program Components**

- Speaking Up Policy
- Training, Communications, and Awareness Materials
- In-take Systems and Mechanisms
- Centralized GCE Case Management System
- Investigations and Case Management
- Trending, Analysis, and Reporting
- Case management system allows case manager to identify trends.
- Robust report generating.
- Case manager connect trends to ERM process.

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**Reporting, Trending and Measuring**

- Quarterly reporting to the Audit Committee of the Board
  - Top-line numbers
  - Potentially significant matters called out in more detail
- Cross-functional Business Process and Risk Management Team
  - Compliance and Ethics data shared
  - Trends identified and relayed to SMEs
  - Action plan developed by appropriate SME or leader
- Global Compliance and Ethics Survey
Part II
Responding to Employee Reporting

Mark Albers, CP, CFE
Senior Manager, Deloitte FAS – Forensic and Dispute

Discussion Themes

I. Employee Reporting – Why it Matters to you...

II. Ok, Now What...Incident Response Management Program

III. How Should my Institution Conduct an Investigation?

III. Real Life Results of Employee Reporting
Discussion Themes

I. Employee Reporting – Why it Matters to you...

II. Ok, Now What?...Incident Response Management Program

III. How Should my Institution Conduct an Investigation?

III. Real Life Results of Employee Reporting

“At any given moment, there is a certain percentage of the population that’s up to no good.”

J. Edgar Hoover
Most Frequent Sources of Fraud Discovery

Initial Detection of Occupational Frauds

<table>
<thead>
<tr>
<th>Detection Method</th>
<th>Percent of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tip</td>
<td>42.2%</td>
</tr>
<tr>
<td>Management Review</td>
<td>12.4%</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>12.3%</td>
</tr>
<tr>
<td>By Accused</td>
<td>6.5%</td>
</tr>
<tr>
<td>Account Reconciliation</td>
<td>5.3%</td>
</tr>
<tr>
<td>Document Examination</td>
<td>5.3%</td>
</tr>
<tr>
<td>External Audit</td>
<td>4.9%</td>
</tr>
<tr>
<td>Surveillance/Monitoring</td>
<td>4.5%</td>
</tr>
<tr>
<td>Notified by Police</td>
<td>1.9%</td>
</tr>
<tr>
<td>Confession</td>
<td>1.5%</td>
</tr>
<tr>
<td>IT Controls</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

Higher Education Frauds Making Headlines

- University of Illinois’ Trustees OK Princeton Officials Hack Yale Admissions Website
- Las Vegas Woman Scams Nearly $1M in Student Aid
- Student Visa Fraud
- Clemson University Manipulates US News College Rankings
- $1M at University of North Carolina School of Arts Used for Non-Academic Purposes
- Student Loan Kickbacks
Restoring Net Income After a Fraud Loss

Fraud usually reduces net income on a dollar-for-dollar basis.
A company with a 10% profit margin that experiences a single $250,000 vendor fraud would have to generate an additional $2.5 million in revenue to restore its net income to pre-fraud levels.

Discussion Themes

I. Employee Reporting – Why it Matters to you...
II. Ok, Now What?...Incident Response Management Program
III. How Should my Institution Conduct an Investigation?
III. Real Life Results of Employee Reporting
The Concept of Incident Response Management

- Incident Response Management encompasses all of the processes through which an organization receives, triages, investigates, and reports on allegations of fraud and misconduct, such as:
  - How an organization is alerted to allegations of potential fraud and misconduct
  - The manner in which those allegations are initially and subsequently communicated within the organization
  - The assignment of responsibility and accountability for handling allegations
  - Decision making authority
  - The methods and procedures by which allegations are investigated
  - Consideration of legal implications and relationships with outside parties
  - Documentation and evidentiary procedures
  - Reporting of investigation results within the organization
  - Remediation activities

The Components of Response Management (cont.)

- Components of effective Fraud Response Management program include:
  - Benchmarking whistleblower hotline activity to assess effectiveness
  - Establishing investigative protocols to include interviewing, evidence collection, computer forensic examinations, and analysis
  - Identifying competent fraud investigation resources, especially global response teams, in advance of a crisis
  - Utilizing a case management system to efficiently track and log the progress and resolution of fraud allegations
  - Implementing processes and control improvements enterprise-wide to gain efficiencies and prevent recurrences
An Approach to Developing an Incident Response Program

- Define IRP Strategy
- Design IRP Organization
- Develop IRP Documentation
- Establish Communications Plan
- Evaluate IRP Incident Response Program
- Develop policies
- Develop standards, including types and levels of incidents
- Develop procedures
- Design Playbook
- Develop executive sponsorship
- Develop objectives
- Define scope
- Document charter and strategy
- Define roles and responsibilities
- Identify requirements and resources
- Develop organizational structure
- Define budget
- Communicate IRP to stakeholders
- Establish internal and external communications strategy
- Conduct training and awareness
- Ongoing Collaboration
- Create testing schedule
- Develop scenarios and test cases
- Conduct tests and practice sessions
- Prioritize and plan remediation
- Communicate IRP to stakeholders
- Establish internal and external communications strategy
- Conduct training and awareness
- Ongoing Collaboration

Key Elements of an Investigations “Playbook”

- Key elements of an investigations playbook include:
  - General investigative approach
    - Confidentiality
    - Sensitivity
    - Legal considerations
    - Authority & limitations
    - Employee rights
  - Case file maintenance
  - Allegations
    - Breaking out compound allegations
    - Veracity of the complaint
    - Understanding the complainant’s motivation
  - Interviewing techniques and confrontational interviews
  - Evidence collection, preservation and chain of custody
  - Public records search / Internal records search
  - E-mail search and other technological records
  - Supervision
  - Case reports
  - Regional considerations
  - Investigative Resources / Investigative techniques and considerations for specific types of allegations and/or categories of fraud
Example of a Roles & Responsibilities Matrix

<table>
<thead>
<tr>
<th>Organizational Allegation Type</th>
<th>Investigative Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraudulent filings against the company involving external vendors, merchants, partners / outsourcing work</td>
<td>Responsible</td>
</tr>
<tr>
<td>Employee bribery of governmental officials</td>
<td>Responsible</td>
</tr>
<tr>
<td>Bribe Political Contributors</td>
<td>Responsible</td>
</tr>
<tr>
<td>Employee receiving or giving kickbacks</td>
<td>Responsible</td>
</tr>
<tr>
<td>Employer/affiliates and/or affiliated parties</td>
<td>Responsible</td>
</tr>
<tr>
<td>If an investigation matters - including allegations of financial statement fraud by internal management</td>
<td>Responsible</td>
</tr>
<tr>
<td>Retaliation against whistleblowers or those intending to report policy violations</td>
<td>Responsible</td>
</tr>
<tr>
<td>Tax evasion involving the company</td>
<td>Responsible</td>
</tr>
<tr>
<td>Extradition, extradition, and other violations</td>
<td>Responsible</td>
</tr>
<tr>
<td>Physical safety of executives and employees</td>
<td>Responsible</td>
</tr>
<tr>
<td>False card applications and counterfeiting of cards and other instruments of value by employees and/or others</td>
<td>Responsible</td>
</tr>
<tr>
<td>Trading Compliance (FX, etc.)</td>
<td>Responsible</td>
</tr>
<tr>
<td>Insider Trading</td>
<td>Responsible</td>
</tr>
<tr>
<td>Sexual Harassment</td>
<td>Accountable</td>
</tr>
<tr>
<td>Discrimination</td>
<td>Accountable</td>
</tr>
<tr>
<td>Theft of data by external parties</td>
<td>Responsible</td>
</tr>
<tr>
<td>Systems security breach by external parties including mass data compromise events</td>
<td>Responsible</td>
</tr>
</tbody>
</table>

Example of a Case File Review Template

<table>
<thead>
<tr>
<th>Special Investigation Unit Case File Review Template</th>
<th>Entry</th>
<th>Yes or No</th>
<th>N/A</th>
<th>Reason for deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASE TYPE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Opened</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Referral Source Clearly indicated in the Case File</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Completed / Referred</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposition Notation Indicated in File: Description of How Case Resolved / Ended / Referred</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Closed</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Comments on Dates Entered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal Work plan Prepared within 5 days of case opening (Y/N)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Work plan Approved by Supervisor / Director - Date</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Indices Data Included? (Y/N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider Contract Included? (Y/N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copies of claims? (Y/N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Correspondence Included? (Y/N)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Root Cause Reports Included? (if applicable) (Y/N)</td>
<td></td>
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<tr>
<td>Copy of Current Case Log Summary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All required supervisory review Notations indicated in Case File (Y/N)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Rationale Provided for Steps Taken if Not included in the Work plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No update to Case Log in six months or More Though Case Appears Open</td>
<td></td>
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</tbody>
</table>
Potential Outputs to Work Toward

Outputs may include

- Assessment of existing fraud response policies, procedures, and infrastructure
- Assessment of current working practices
- Assessment of case management and oversight process
- Potential exposures and areas for improvement
- Recommendations
- Roles and responsibilities matrices
- Investigation playbooks, policies, and procedures
- Case management implementation

Discussion Themes

I. Employee Reporting – Why it Matters to you…
II. Ok, Now What?...Incident Response Management Program
III. How Should my Institution Conduct an Investigation?
III. Real Life Results of Employee Reporting
Pitfalls:

**FUNNEL TO NARROW**
If you don’t focus on a full range of data sources, you may miss serious issues

**BIG BROTHER CULTURE**
Collect as much data as possible but be wary of establishing a tattletale, or big brother culture
2 Filter

A strong “filtering system” helps management focus on what matters most. An effective filter will ensure that issues are appropriately and efficiently addressed. Even at this early stage, management should begin the “triage” process and identify those material issues that may require escalation versus issues that have questionable specificity and credibility.

- Competent, independent evaluation
- Privilege considerations
- Preserve and secure information

Pitfalls:

MISSING THE BIG ONES
Competent, independent scrutiny of the issues to avoid missing significant issues

MAKING EVERYTHING A BIG ISSUE
abuse of privilege or improper triage can waste time and resources

ASSIGNING TO THE WRONG GROUP
Some issues require specialized or technical knowledge or investigation skills. Don’t assign a manager when you need a lawyer or consultant.

3 Plan and Assign

Allegations should be assigned to the appropriate “tier” or channel based on the facts, circumstances and seriousness of the allegation.

TIER 1 - CRISIS ISSUES
Audit Committee, BOD

TIER 2 - SIGNIFICANT ISSUES
Outside Counsel, Senior Leadership

TIER 3 - SERIOUS ISSUE BUT PREPARED
Investigators

TIER 4 - HR LEVEL
Line Management

Pitfalls:

CHERRY-PICKING BY SENIOR LEADERSHIP
Allowing too much management override or exceptions to the investigation process can lead to biased investigations and lost objectivity.
4 Investigate

After laying the groundwork, the actual investigation begins with the assigned team. The team will have varying levels of professional investigation skills, depending on the tier that applies to this issue.

Leverage the following:

- Interviews
- Books and record analysis
- Electronic data interrogation
  - Hard drives
  - Server email
  - Network files and share drives
  - Personal media devices
- Public database information (business intelligence)
- Past audit results and reported allegations
- Data Analytics

4 Investigate (cont.)

Pitfalls:

SUPERFICIAL INVESTIGATION
There can be more to the issue than meets the eye. Investigators need to dig to find out what the issue really is. Often, the initial description does not fully represent the real issue.

DIGGING TO DEEP
Investigators need to know when to stop. Overreaching investigations can consume company resources and distract employees.

TRAMPLING ON EVIDENCE
Inexperienced investigators can inadvertently destroy, corrupt or fail to adequately secure critical evidence.

THE FIRST 48 HOURS
The first 48 hours of an investigation are critical yet this is when many mistakes are made. Getting on the right track is paramount and will be important later on to regulators and other stakeholders. If an organization gets off-track in the first 48 hours, it can be difficult and costly to get back on track.
Once the investigation is complete, the organization must address allegations with all appropriate constituencies. Allegations that are not substantiated should be closed with communications to the persons who raised the investigation and those who were investigated. When allegations are substantiated, the organization must take consistent action and ultimately improve the system so that the organization becomes better at preventing, detecting, and responding to similar issues in the future.

- Disclosure?
- Communication?
- Restitution?
- Remediation?
- Discipline?
Fraud Example – Improper Accrual

<table>
<thead>
<tr>
<th>PLANT</th>
<th>ACCOUNT NUMBER</th>
<th>BALANCE 2001</th>
<th>PAID IN 2002</th>
<th>ACCRUAL 2002</th>
<th>ADJ 2002</th>
<th>BALANCE 2002</th>
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<tr>
<td>FARM PROD BON</td>
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<tr>
<td>TOTAL</td>
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<td>$ (58,974.45)</td>
<td>$ 448,871.05</td>
<td>$ (403,032.11)</td>
<td>$ 215,647.77</td>
<td>$ 403,102.27</td>
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</table>

GIL 210000

DIFF

Fraud Example – Notes of a CFO

1. Why or. Go 8:00 to 8:30.
   - Did system
   - Fix software
   - Go ahead
   - Need to know if it's got enough money
   - Will our bank tell us to go 8:00 and raise money.
   - Fix now. We're so good money.
   - Once past should print out report.

2. Ok.
   - Try for 8:00. We contract, delay matters.
   - Try invoice
   - Work is fine. But it's now 8:00 am. It's late.-
   - They decided to have now and later.
   - Ok, just write down what we own for you.

3. We'll talk:
   - Our KGD and systems at 8:00. By us otherwise.
Thank you

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