

SCCE Internal Investigations Workshop  
January 22-24, 2020  
San Francisco, CA  
Day 3 – Post Workshop



Lessons Learned

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Agenda



- Know what goes on in your organization
- It's really all about finding and fixing problems
- Identifying poor internal controls, systemic problems and lack of controls
- Where do we go from here?

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## Do You Know What's Going On in Your Organization?

Recently, at a quarterly meeting with your E&C Steering Committee, while you are concluding your status report on internal investigations the CEO asks, "Are you aware of serious allegations of employee misconduct at one of our offsite locations?" Surprised by the question, you admit that you are not aware of the allegations and the CEO says, "Well, shouldn't you be?"

- How would you respond to the CEO?
- What are your next steps in assuring you don't find yourself in a similar situation going forward?
- How will you address the CEO's concern at your next Steering Committee Meeting?

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## Know What's Going On in Your Organization

Your best offense is a well-documented Investigations Program!

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### Know What's Going On in Your Organization

- Develop a network of colleagues throughout the organization to be informed of any and all misconduct.
- It's really about building relationships based on trust.
- Communicate regularly with management at all levels.
- Educate first line supervisors on a regular basis
- Share lessons learned with all employees

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### Who's in Charge Here? A Case Scenario

Upon investigating credible allegations of employee falsification of quality records, a director from the Manufacturing Department approaches you with a request to “go easy” on certain employees he thinks may have engaged in the misconduct. He says that due to their tenure and untarnished employment record with the company that his Sr. VP of Operations has his back and will do everything to keep these employees from being severely disciplined. He also asks that you provide him with daily reports of your investigation findings so he can keep the Sr. VP of Operations updated on your progress.

- How do you respond to the director?
- What are your next steps in continuing the investigation?
- Should you consult others in organization?

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## Finding & Fixing Problems is Job 1

- It's not about placing blame or finger pointing.
- It's about finding the truth and fixing problems to advance the organization's objective to do the right things.
- Partner with all levels of management to prevent further misconduct.
  - Keep management in the loop.

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## What Would You Do? A Case Scenario

Janice Cash, a compensation analyst in the Human Resources Department reported to you that her Manager, Tony Johnson has made unwelcomed sexual advances towards her including on several occasions massaging her back and shoulders when he would enter her office. She stated that she told him it made her feel uncomfortable but it did not stop him from continuing to do it. She said he is constantly asking her out on a date and she keeps saying no. She also stated that Tony has told her that she has a lot of potential for advancement if she just lightened up a bit. She said she was afraid to report his behavior to his supervisor, the VP of Human Resources because she thinks they are very friendly, noting they often go out to lunch together. Historically, allegations of workplace harassment get referred to Human Resources.

- How do you propose handling this report of alleged misconduct?
- Are there others in the organization you wish to consult, why?
- What are your next steps in continuing the investigation?

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## Are Internal Controls Adequate? A Case Scenario

You received a report from a Manager in the Engineering Department stating that he believes several Manufacturing Department operators working on the third shift are failing to properly test and inspect sensitive electronic parts that go into highly sophisticated medical testing equipment. He stated the operators are achieving a 100% success rate on all the tests they perform as compared to an 85% success rate by operators on the first and second shifts. He stated that he addressed his concerns to the General Manager, who responded by stating "what's wrong with the operators on the first second shift who can't get 100%?" The Engineering Manager said he was concerned because potentially defective testing equipment could produce false positive tests that could result in unnecessary medical treatments or worse failure to properly identify a serious medical condition.

- How would you handle this report of alleged misconduct?
- Are there others in the organization you wish to consult, why?
- What are your next steps in continuing the investigation?

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## Identify Poor Internal Controls & Systemic Problems

- Take advantage of opportunities to identify poor internal controls during the course of an investigation.
- Report internal control weaknesses to management upon discovery with a heads-up that noted weaknesses will be included in your final report.
  - Create a win-win opportunity for management to address the internal control weakness in real time.
- Give credit to management for implementing corrective actions taken in response to investigation findings.
- Follow-up with management on corrective actions yet to be implemented.

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## A Matter for Ethics & Compliance? A Case Scenario

You recently learned from HR that an employee who operated a forklift in the Shipping Department was suspended for one day after returning from lunch under the influence of alcohol. The employee, according to the immediate supervisor, was unsteady on her feet and smelled of alcohol. Upon calling HR the employee was sent to the Nurse's office where she refused to submit to a blood test after admitting that she may have had a few too many drinks while in her car in the company parking lot. She told the nurse that she was going through a bad divorce due to some serious financial difficulties. Your organization has a zero tolerance policy prohibiting use of alcohol on company property and has historically terminated employees who violate this policy. HR told you that the employee had an unblemished record with the company and felt bad for her situation so decided to give her a second chance.

- Is there a problem here?
- To what extent would you get involved, if at all?
- If you chose to get involved what would you do?

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Where do we go from here?

**Your best defense is a  
well-documented  
Investigation Program!**

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## Session Takeaways

- Finding, fixing and preventing future misconduct is the key to the success of an Internal Investigations Program.
- Build trust with your Management peers and employees on a continuous basis.
  - Be fair, impartial, and objective in all you do and say.
  - Give others the benefit of doubt.
- Identify opportunities to strengthen internal controls and address legal and compliance risks

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# Questions?

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Wrap-up with Q&A

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