

All organisations need to carry out investigations from time to time and all managers need to be able to perform an investigation or participate in some way in an ongoing investigation. Some organisations set out guidance on how internal investigations should be undertaken. In some cases, a small number of employees may receive relevant training at some point in their career. An even smaller number of businesses ensure that all internal investigations are carried out by trained specialists (or external parties) who will employ their own professional approach. This final type of organisation is outside the remit of this book, while all others should receive some benefit from our approach to making sure internal investigations are entirely credible. In this chapter we discuss the type of issues that may need to be investigated and introduce an approach that does not undermine the role of the line manager. Each chapter of the book will identify a *Basic Principle* and our first such principle is stated as follows:

BASIC PRINCIPLE ONE

The board should prepare and implement a corporate standard covering the way internal investigations will be conducted within the organisation.

1.1 WHY INVESTIGATIONS?

Businesses, public sector organisations, not for profit entities, educational bodies and, for that matter, all types of organisations set out to achieve their stated aims in a way that meets the needs of their key stakeholders. When all goes well, the focus falls on surging forward and being successful. But along the way, there will always be stumbling blocks that get in the way and which need to be removed before they really hinder progress. Many large and powerful businesses have been hurt by an embarrassing incident that was left to simmer and then got out of control. Moreover, employment tribunals are able to award large amounts of compensation to employees who have been unfairly treated. This is why good organisations make sure all non-routine problems are addressed at an early stage. Any failure to tackle an allegation made about an aspect of a business undermines corporate values and could

result in claims of cover-up, negligence or even conspiracy against senior management and the board. Any such failure could also open the door to civil suits against the executive management team where regulations or legal provisions have been undermined. Even worse, criminal charges can arise when a known irregularity is not properly addressed by those responsible for running an organisation. It is difficult to visualise any type of entity in this day and age that could justify not having a formal standard on the way it conducts its internal investigations. We offer one such standard, designed to be used as a *Basic*, but important, new management tool.

1.2 INVESTIGATE WHAT?

An internal investigation is a structured response to a non-routine problem that seeks to protect the corporate values and overall reputation of an organisation. Serious problems relating to major fraud, significant health and safety breaches, breach of regulations and accounting practices or claims of corporate negligence will tend to be investigated by external specialists who have access to their own professional standards and well-developed approaches. Less serious issues may be investigated by the organisation itself through the use of a suitable employee to conduct the necessary inquiries. There are many issues that, although non-routine, may arise from time to time in even the best run organisations. Non-routine issues may include, for example:

- Claims of bullying/harassment.
- Staff misconduct.
- Complaints made by external parties.
- An increase in certain types of processing errors.
- Inappropriate behaviour by some teams within the company.
- Grievances raised by a staff member who feels they have been unfairly treated.
- Claims by trade unions of unfair working practices.
- Poor staff morale in one part of the organisation.
- Reckless business decisions.
- Breach of procedure and/or unclear procedures.
- Missing data or files.
- Allegations of unsuitable business practices.
- Improper use of business resources.
- Unexplained trends in statistical data.

At times, a problem may arise in similar organisations where an unforeseen set of circumstances impacts the business, which leads to an investigation

to assess whether this problem could happen elsewhere. For example, an employee may inadvertently hire illegal immigrants and then suffer fines as a result. A separate employer operating in a similar business sector may want to instigate an internal investigation to determine whether their hiring systems are robust enough. Another industry may experience product mis-selling practices which may lead a company within this same sector to assess whether it has a similar problem. However, an internal investigation will be of little or no use unless it is carried out in a professional and sensible manner.

1.3 THE LINE MANAGER'S ROLE

An investigations standard is designed to protect the organisation and promote corporate values and in turn support a more successful business. Well-delivered investigations help an organisation address special problems that would otherwise be left unattended. When an organisation employs a large team of in-house investigators to examine the behaviour of its workforce and business practices, there is a good chance that this organisation is badly managed. Unfortunately, it is those badly managed organisations which employ demotivated staff that stimulate the need to carry out a large number of internal investigations as the norm. Using a large internal investigation/compliance team may also blur the line management role, where certain types of issues should really be investigated by the management team itself. Issues relating to performance, capability, staff conduct, attendance and systems functioning fall firmly within the line management remit. In examining these types of issues, the line manager will want to adopt a professional standard regarding the way non-routine inquiries are progressed. An investigator who works outside the management chain of the work area subject to the investigation should only be used where, due to the nature of the investigation, there is a clear need for some impartiality. Where a member of staff has raised a grievance against their line manager, it is pointless asking the same manager to investigate the matter. Where a complaint has been received that suggests all levels of management failed to deal with the matter, again there will need to be an impartial person in charge of the subsequent inquiries. When establishing the terms of reference for the investigation it should become clear whether the work is a line management role or whether it will have to be resourced from outside the line. The guiding principle is to give the investigation to the relevant line manager unless this approach would undermine, or appear to undermine, the credibility of the investigation. Although sometimes, it is a good idea to use a manager from outside the line role as a form of peer review – to bring a fresh perspective on the problem at hand.

1.4 A BASIC STANDARD

This book aims to deliver a *Basic* standard for conducting investigations. We have developed one detailed model to set the context for the book and we will use each of the remaining chapters to explain this model and how it may be adopted by any organisation and used by anyone who has been asked to conduct an internal investigation. Figure 1.1 is a rather busy template that sets out the *Basic* standard and how it relates to planning, performing and presenting an internal investigation. Do not be put off by the detail in the model, as by the end of the book we aim to give you a sound understanding of each aspect of the template and how you can use it to best effect.

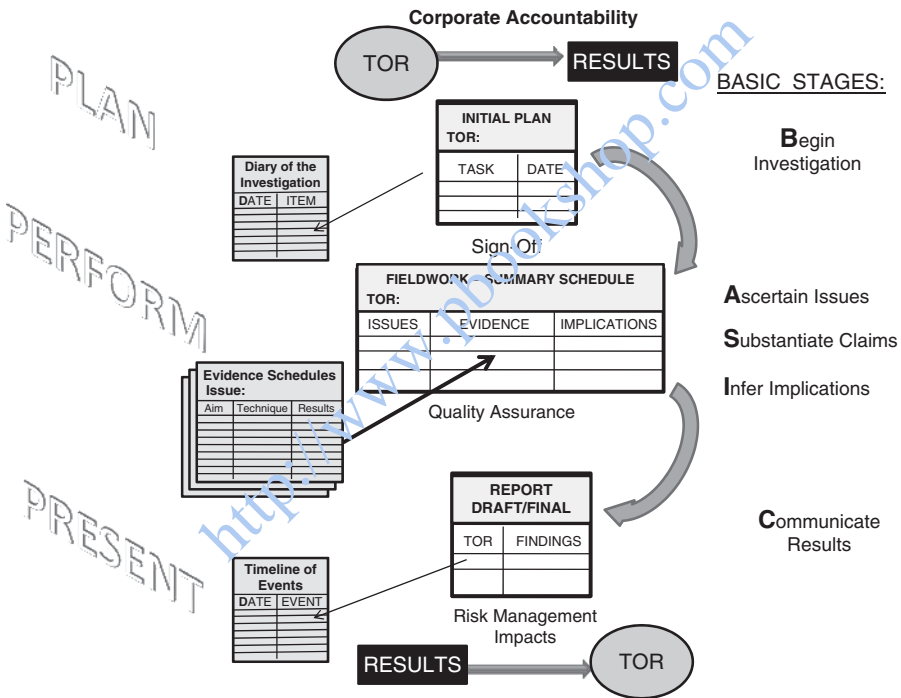


Figure 1.1 Template representing the *Basic* standard.

1.5 USING THE BASIC STANDARD

We now need to whiz through the template in Figure 1.1 and explain how the *Basic* standard fits in. We have already mentioned that all investigations, both large and small, must involve at least three main steps, which fall on the left of the template:

1. Planning the investigation.
2. Performing the fieldwork.
3. Presenting the results.

On the right of the template sits the **Basic** standard, which sets out the five main steps that fall under our approach to performing internal investigations, as follows:

Planning:

1. Beginning the investigation.

Performing:

2. Ascertaining the issues at hand.
3. Substantiating the claims.
4. Inferring the implications.

Presenting:

5. Communicating the results.

The **Basic** standard uses several documents that summarise the entire process of conducting the investigation by recording the detailed results of the work that was carried out. Our standard uses these documents to underpin a professional approach to dealing with problems in the workplace. We will examine the standard documents in some detail in later chapters, but at this stage it helps to present a brief outline of some of the key documents in Figure 1.1:

- **Initial Plan.** This document sets out the terms of reference (TOR) and resources for the investigation. It should be signed off to authorise the work and allow access to the relevant information and documentation.
- **Diary of the Investigation.** The investigator is required to complete a log of everything they do during the investigation – to record progress and decisions made.
- **Fieldwork Summary Schedule.** This all-important document summarises the analysis carried out to ascertain the claims, the verification of the evidence surrounding the claims and what this means for the organisation.
- **Evidence Schedules.** These documents support the Fieldwork Summary and record the detailed interviews, document analysis and examination of evidence gathered during the investigation.
- **Report.** The draft and final reports set out what was found against each aspect of the terms of reference that have been set for the investigation.
- **Timeline of Events.** The final document is a record of the actual events that led up to the investigation in the form of a timeline that should be attached to the report as an appendix.

An internal investigation entails establishing the TOR and documenting the results of the work carried out to discharge this, which is then formally reported. The context for the work is set firmly within the need to promote corporate accountability by quickly sorting out internal problems before they need to be addressed by external regulators and other agencies. The final report will need to comment on any aspect of the organisation's risk management framework that needs improving to deal with any newly defined risks that led to the problem that had to be investigated – using the 'let's ensure this never happens again' approach. As already mentioned, while the template may appear complex at first sight, in the remaining chapters we will be explaining how the template and our *Basic* approach can be broken down and used by absolutely anyone.

1.6 TO CLOSE

To close this chapter we need to make clear that in dealing with internal investigations, most organisations either tell their managers to use their common sense or they may employ a specialist in-house or external team of professional investigators. We propose a third approach that involves developing a formal standard on internal investigations and ensuring most managers are able to use this whenever appropriate. Our first *Basic Principle* is repeated below, as follows:

BASIC PRINCIPLE ONE

The board should prepare and implement a corporate standard covering the way internal investigations will be conducted within the organisation.

BASIC GUIDANCE

When developing a standard for internal investigations you should consider the following five-point guidance:

- 1.1. Assess the way that existing internal investigations are carried out and determine whether this is the most effective way of dealing with non-routine problems that need to be examined in some detail.
- 1.2. Assess trends in terms of complaints, grievances, civil actions, reports of improper work practices and other issues that affect the organisation or which affect similar organisations in the relevant sector.

- 1.3. Emphasise the importance of ensuring a capacity to undertake internal investigations by redefining the management role to include undertaking investigations in relevant areas of responsibility and also assisting, when required, in investigations initiated in other parts of the organisation.
- 1.4. Develop and publish a suitable standard on internal investigations, locate suitable guidance on the intranet and train a pool of managers in using the *Basic* standard.
- 1.5. Monitor the way internal investigations are conducted and seek ways of improving the efficiency and effectiveness of these investigations.

Note that Chapter 7 contains several checklists to support the above-mentioned guidance. Our approach to conducting internal investigations will be examined in some detail throughout the book as each chapter deals with an aspect of the *Basic* standard. In practice, bad things can happen to good organisations but it is the way we manage these problems that helps good organisations learn, make progress and become even better.

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