

INVESTIGATING EMPLOYEE FRAUD

JON F. ANDERSON, CFE, CCEP, CIFI

HEALTH CARE SERVICE CORPORATION (HCSC)

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COMMON TYPES
OF EMPLOYEE
FRAUD

Travel & Expense

Work & Call Avoidance

Paid Time Off (PTO)

Time & Overtime

PREPARING FOR THE INVESTIGATION

Develop an investigative plan or work plan:

- Review relevant policies, procedures and sections of the Code of Conduct.
- Do other employees need to be interviewed before the subject employee (i.e., direct manager).
- Is there a need to review the work email account and work calendar, work telephone records, ID badge history report, or other relevant reports pertaining to the subject employee.
- Will you need a timeline or grid prepared to track allegations or other information developed during the investigation (i.e., multiple allegations, multiple employees, date and times when certain events occurred).
- If relevant, review any open-source social media accounts.
- What other resources may be needed or what other business partners may need to be involved (i.e., HR or Legal).

PREPARING FOR THE INVESTIGATION

Interviewing of the subject employee(s):

- After gathering and reviewing all relevant documents, develop interview questions and prepare key documents for viewing by the employee(s) either in person or virtually.
- Has the employee completed certain training related to the matter and if any attestations were completed (i.e., Ethics and Compliance or other policy related certifications).
- Have follow up questions ready to ask if necessary.
- Could there be a need to suspend the employee and disable access until the completion of the investigation.

TRAVEL & EXPENSE

Corporate credit card or personal credit card.

- If corporate card, does your company prohibit any personal use of the card?
- Is there a written policy or procedure in place and is it clear that there is no personal use of a corporate card?
- Is accidental personal use of the corporate card addressed in the policy.

Electronic or hard copy expense reporting

- Access to electronic reporting, including receipt images.
- Access to expense report audit history to determine when documentation was submitted, reviewed, receipts viewed, and report approved by approver.

Collaboration with Finance or Accounting

- If personal use is identified on a corporate card, are payments being made and paid on time.
- Finance/Accounting is the best resource to obtain any additional card use and payment information history directly from your credit card vendor.
 - Has the account incurred any late fees.
 - Is the account delinquent or in danger of being suspended.
 - Access to regular card usage reporting for proactive monitoring.

TRAVEL & EXPENSE

Interviewing the subject employee:

- Whether the employee admits to the behavior or not, were they aware they were violating the Code and company policy each time they used the corporate card for personal use.
- Determine the reason the employee engaged in the behavior.
- Lack of candor versus being honest and contrite.
- Based upon the extent of the fraud and the candor of the employee, is there a need to suspend the employee and disable their access pending the completion of the investigation.
 - Are there any additional leads to follow up on.
- Is any corrective action taken consistent with similar matters investigated previously.
- Is the case worthy of referring to law enforcement, etc. for possible potential prosecution.

CALL & WORK AVOIDANCE

Call Avoidance:

- Intentionally manipulating the phone and phone system via a computer to avoid receiving phone calls.
- Taking the phone off-the-hook without making a call.
- Logging into voicemail to avoid a call.
- Unnecessarily transferring the caller to another extension and then remaining on the line once the call is successfully transferred.
- Remaining on the line once the call connects and remaining silent until the caller hangs up.
- Staying on the line with a customer longer than necessary to close the interaction or record any necessary information.
- Logging in and out of the system several times a day claiming system issues, but not reporting any issues to management or the Help Desk.

CALL & WORK AVOIDANCE CONT'D

Work Avoidance:

- Intentionally manipulating the computer keyboard and computer system to create the appearance the employee is working.
- Employee opens Word or Word Pad and then wedges an item between the keyboard keys or place an items on any key, so it continually types that key on a blank document.
- Employee then does something besides work (i.e., on their cell phone, housework, etc.).
- Performance metrics reflect little or no idle time. No idle time is an indicator the employee may be engaging in work avoidance.

CALL & WORK AVOIDANCE CONT'D

Investigation:

- Has management detected previous avoidance behavior by the employee. If so, was the employee coached/warned and told to stop the behavior.
- Obtain and review all relevant call or computer activity reports from management or from other resources within the company.
- Obtain any Help Desk reports made by the employee during the timeframe in question.
- Any known system issues during the timeframe in question.
- Any equipment issues that could explain the activity noted in the data and reports (i.e., headset and computer issues or telephone issues).

CALL & WORK AVOIDANCE CONT'D

Interviewing the subject employee:

- Whether the employee admits to the behavior or not, were they aware they were violating the Code and company policy each time they engaged in avoidance behavior.
- Determine the reason the employee engaged in the behavior. What else were they doing while not working or taking calls.
- Lack of candor versus being honest and contrite.
- Based upon the extent of the avoidance behavior and the candor of the employee, is there a need to suspend the employee and disable their access pending the completion of the investigation.
- Are there any additional leads to follow up on, such as confirming further information with management or obtaining and reviewing additional Help Desk reports.
- Is any corrective action taken consistent with similar matters investigated previously.

PAID TIME OFF (PTO)

- Are employees responsible for recording their own time off.
 - All PTO should be requested in writing (i.e., email or chat msg.) and approved in advance by management.
 - Recorded in an internal department out of office calendar.
- Do controls exist to verify employees are in fact recording all of their time accurately.
 - Management
 - Administrative assistants
 - Payroll
- Do periodic audits of PTO records occur.

PAID TIME OFF (PTO) CONT'D:

Investigation:

- Obtain official company PTO records from Payroll.
- Review the employee's email account and work calendar, ID badge history records for potential evidence of not being present at work.
- Review company telephone records for any incoming and outgoing phone calls.
- Information Technology (IT) forensic assistance to determine what any available computer login records, Virtual Private Network (VPN) or internet activity records reflect.

PAID TIME OFF CONT'D

Interviewing the subject employee:

- Whether the employee admits to the behavior or not, were they aware they were violating the Code and company policy each time they took time off and did not record it or inaccurately recorded the amount of time taken.
- Determine the reason the employee engaged in the behavior. Why did they not record their time off.
- Lack of candor versus being honest and contrite.
- Based upon the extent of the behavior and the candor of the employee, is there a need to place the employee on an investigative leave (suspension) and disable their system access.
- Are there additional leads that need to be investigated.

TIME & OVERTIME

- Are non-exempt employees responsible for recording their own regular hours and any overtime.
 - Is management approval need prior to the non-exempt employee actually performing any overtime hours.
- Do controls exist to verify non-exempt employees are in fact recording all of their time accurately.
 - Management
 - Administrative assistants
 - Payroll
- Is actual work being performed during overtime or is the activity only personal business.
- Is Payroll “batch” approving all time (including overtime) without management first reviewing and approving the time.
- Are there HR or Finance policies in place that address recording of time and seeking management approval prior to performing any overtime.
- Do periodic audits of overtime occur.

Time & Overtime

Investigation:

- Obtain and review the employee's official time and payroll records.
- How much overtime is being performed daily, weekly or monthly.
- Are the amount of overtime hours consistent with the amount of work the employee is known to be involved in.
- Review the employee's email account and work calendar for potential evidence of work activity during claimed overtime (i.e., emails created or responded to, documents created, meetings planned, etc.).
- Review company telephone records for any incoming and outgoing phone activity.
- Review internet or work application usage.



TIME & OVERTIME

Interviewing the subject employee:

- Whether the employee admits to the behavior or not, were they aware they were violating the Code and company policy each time they took time off and did not record it or inaccurately recorded the amount of time taken.
- Determine the reason the employee engaged in the behavior. Why did they inaccurately record their time. If they did not seek managements approval for overtime, were they aware that they should have sought approval.
- Lack of candor versus being honest and contrite.
- Based upon the extent of the behavior and the candor of the employee, is there a need to suspend the employee and disable their system access pending the completion of the investigation.
- Are there additional leads that need to be investigated.

QUESTIONS

Jon Anderson

jon_anderson@bcbsil.com

Office: (312) 653-7970