



ARTICLE

Forensic due diligence

Can you spot a wolf in sheep's clothing?

The recent news that a BA Club official stole £1million from staff funds highlighted once again the importance of organisations – both large and small – carrying out proper due diligence when recruiting new staff.

Whether it be identity fraud, lying about qualifications or stealing cash, any prospective employer would want to be sure that their new recruits are telling the truth and are fraud-free.

The fact that in this case, the employee had not one, but two, previous convictions for fraud should have been picked up in even the most basic of background checks – had any been done. And there is absolutely no excuse for failing to establish that they did not have the qualification they claimed to have.

The subsequent patterns of blatant extravagant spending – on business class airfares, lavish hotels and so on – should have also set the alarm bells ringing. Colleagues are likely to have spotted this – in my experience, someone always knows – but for some reason this was also missed.

In a similar case I investigated, again where the individual had an extravagant lifestyle and had previous convictions for fraud, told his colleagues that he had been left money by a relative. His junior colleagues also knew about his time in jail for fraud (his CV said he had been travelling) but they didn't feel comfortable reporting it so they stayed quiet.

If I had a pound for every time I had heard, "he said he won the lottery" or "has been left money by his grandma" or "been lucky on the horses", I would be a very rich man. This is a rare occurrence and should set alarm bells ringing.

The subsequent patterns of blatant extravagant spending – on business class airfares, lavish hotels and so on – should have also set the alarm bells ringing.

So what should companies do?

Clearly they should carry out proper due diligence. And that means more than carrying out a tick box exercise. We outline here our key tips for a robust due diligence plan.

Key tips for a robust due diligence plan

1. Application forms and CVs should be checked carefully for anomalies. Any gaps in work history should be probed as should short time spent with previous employers. These could both be indicative of serious issues which have resulted in the individual being sacked or sent to prison. You could also compare it to other information sources such as LinkedIn to check for consistency.
2. As well as writing a standard letter requesting references from an HR department, it might be more effective to speak to industry contacts about the individual to get their views. Checks need to date back to the start of the working life. All too often misdemeanours get missed because companies only go back five years whereas the issue may have occurred six or ten or even 20 years previously.
3. In terms of qualifications, a new employer should ask to see original certificates and write to professional bodies to confirm actual and continuing membership (and any outstanding disciplinary issues). Unfortunately, even previously honest employees may turn bad so having an effective whistleblowing programme in place is important. As I previously mentioned, someone always knows. And they need to feel comfortable about coming forward with their concerns. There is a tendency to persecute the whistle-blower which clearly does nothing to encourage people to step forwards. Organisations need to ensure that employees know what to do if they have any concerns regarding their colleagues' behaviour, and make sure proper processes are in place and communicated from the top down. This requires a cultural shift and needs to be incorporated into mandatory training programmes at every level to raise awareness of the risks and encourage people to step forwards and speak up.

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