

Conducting Internal Investigations

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Presentation Outline

- Learning Objectives
- Effects of Corruption
- Introduction
- Internal (Workplace) Investigations
 - Definition and Aim of Investigations
 - Key Stages of Investigations
 - Reasons for Internal Investigations
 - The Role and importance of the Internal Affairs Unit/Department
 - Attributes of an Investigator
- Sources of Investigative Information
- People as a Source of Information: Intelligence Gathering: Cultivating and Managing Informers
- Case Study: Examples of Case(s) Investigated by Internal Affairs.
- Conclusion.



Learning Objectives

- Outline the effects of Corruption.
- Develop strategies on how an organisation can prevent corruption and promote integrity among its Members of Staff.
- Understand how internal investigations are conducted and Role an investigator plays in internal investigations.
- Importance of Internal investigations and its benefits on the Organisation.
- Understand the attributes an Investigator must possess and their importance.
- Intelligence Gathering Know the various sources of information: How to cultivate and manage informers.



What measures have been put in place in your Organisations to prevent corruption and promote integrity among Members of Staff



Break Out Session : Discussion Questions

1. What makes people (employees) engage in Corrupt practices.
2. List some of the Common Indicators of Corrupt Behaviour by Officers.
3. What are some of the effects of Corruption in Tax Administration or in any organization or institution.
4. How can your Institution fight corruption and promote integrity among its Members of Staff.

Introduction

- Revenue Administrations worldwide in carrying out their main mandate of collecting revenue on behalf of the respective Governments have not been spared by non compliance and well calculated schemes by taxpayers to evade tax and inflate their tax refund claims.
- Reduction of tax liability.
- Considerable possibility for engagement in corrupt practices involving Members of staff, taxpayers, clearing agents and other stakeholders.
- Generally paying taxes is not enjoyable (liked).

Introduction Cont...

- The majority of staff are honest, competent, committed and dedicated to duty. However, the reality is that we still have a few “corrupt” individuals who have the potential to seriously harm the reputation of an Organisation as a whole.
- Marked increase with regards to losses of revenue through Tax evasion and fraud.
- Hence the need for Internal Investigations with a focus on Members of Staff.

Effects of Corruption

- Revenue leakages;
- It blinds individuals from doing the right thing;
- Reduction in public trust and confidence;
- It dents the image and reputation of the organisation;
- Reduction of voluntary compliance;
- Distorts and exploits public investments
- It increases the cost of doing business;
- It reduces foreign direct and domestic investments;
- Affects Competition;
- Reduction in community protection and national security;
- Barriers to international trade and economic development;
- Increases inequality and Poverty; and
- Ultimately increased costs are borne by consumers of goods who are the general public.



Who is an Investigator and what is the aim of Investigations?



Definition and Aim of Investigations

- “*An internal investigation is a methodical, detailed **analysis of facts** launched by a team mandated to conduct such investigations. The investigation is usually **closed by a report** including a summary of the main findings and potentially some recommendations to Senior Management.*”
- **See investigations as a process.**
- Search for the truth, in the interest of justice and in accordance with the specifications of the law, codes, manuals, policies etc.
- Fact finding-through- independent and analytical.

Workplace Investigations

- In addition to codes of ethics and conduct, internal audit function, investigations unit, ethics office, employee screening and background checks.
- Organisations need an Internal Affairs Unit charged with responsibility to conduct workplace Investigations.
- How organisations investigate potential misconduct can affect that organisation's reputation almost as much as the alleged conduct itself.
- **A workplace investigation is conducted when there is credible information that there may have been significant wrongdoing, misconduct or ethical lapses.**



Reasons for Conducting Internal Investigations

- Solve potential or suspected abuse occurring within the Organisation(misconduct or ethical lapses).
- Avoiding operational and reputational risks (Mitigation of liability).
- Legal, contractual, regulatory and compliance duties; possible remedial actions.
- Cooperation with Governmental investigation (Joint Investigations Team, Task Force, mitigate penalties).

Key Stages of an Investigation

Response to Allegation

Initial Steps

Scope Investigation

Execute Investigation

Report?



Modes of Receiving Complaints



Key Stages of an Investigation

Response to Allegation

Initial Steps

Scope Investigation

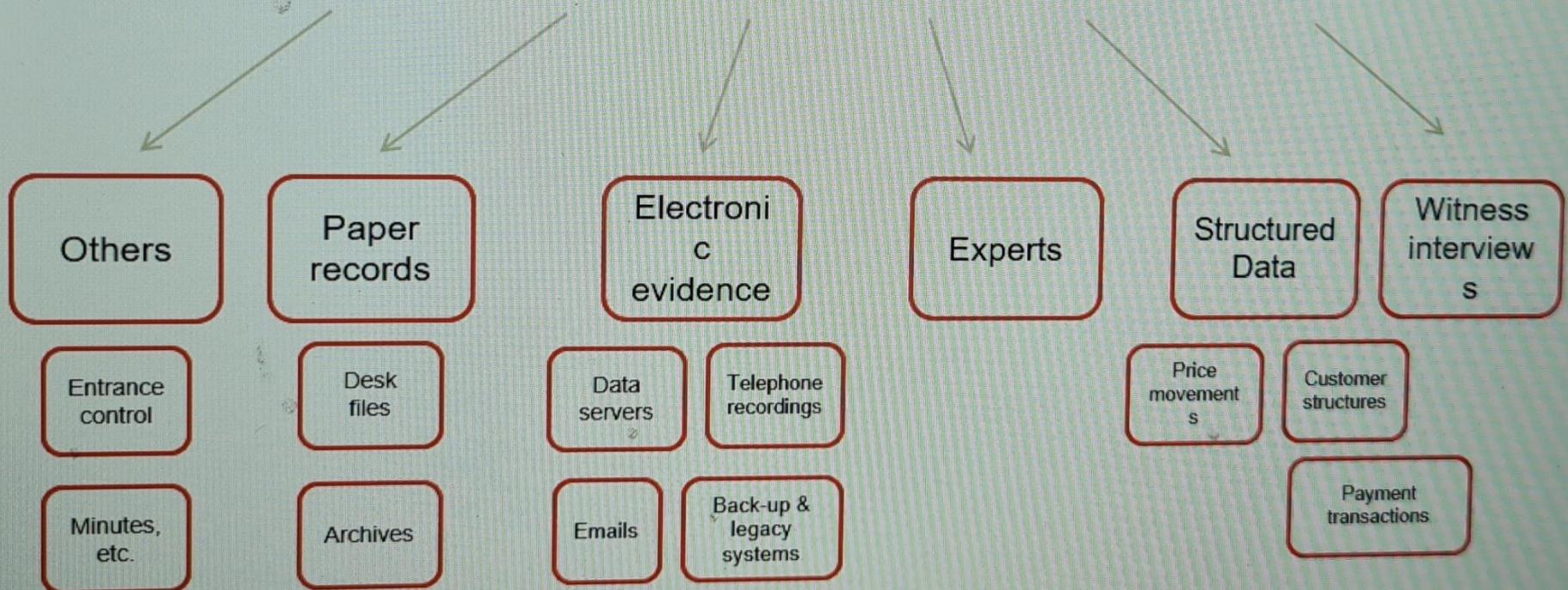
Execute Investigation

Report?



Executing the Internal Investigation

What are the different **methods** we have available for executing an investigation?



What are the Benefits of Having an Internal Affairs Unit?



Mandate of the Internal Affairs Unit

- Function is not an enforcement function, but rather a policing function that works to report.
- Investigate all matters pertaining to corruption, fraud, and all malpractices involving the Organisation's employees.
- Objective, efficient, professional and cost-effective investigations, **find out the truth of what happened when an employee is accused of misconduct.**
- **identify processes and procedures** prone to corruption and other malpractices within the Organisation and to make appropriate recommendations.



Benefits of Having an Internal Affairs Unit

- Upholding Integrity of the Institution (Authority). Enhances public Confidence.
- Protects the interest of the Organisation (Company) and its shareholders (Stakeholders).
- Sense of fairness within the Organisation (system of internal discipline) and protects the employees in cases of frivolous complaints.
- Identification of trends or weaknesses. That is identifying areas of improvement for internal business operations.
- Mitigation of liability.



Three Method Approach: Education, Prevention and Investigations/Prosecutions



THE ZRA INTEGRITY PROMOTION FRAMEWORK

Prevention

- Code of Ethics
- Taxpayer Charter
- Gifts and Benefits Policy
- Conflict of Interest Guidelines

Education

- Staff and stakeholder sensitisation on prevention measures and integrity promotion.
- Stakeholder engagement platforms.

Enforcement

- Handling complaints and comments and referring these to Division/Departments and Internal Affairs Unit for further action.



What Qualities (Attributes) should an Investigator Possess



Attributes and qualities of an Investigator

Central key to effective workplace investigations is a good investigator. Each Investigator should observe each of the basic principles:

- Confidentiality
- Good planning and project management skills
- Proper mindset – Attitude/ forward thinking mindset
- Professionalism
- Independence
- Competence- Experience
- Objectivity and Impartiality (Decision Making)
- Preventing Retaliation
- Timeliness



Qualities of an Investigator Cont...

- Needs to have an inquisitive mind;
- should have clarity of thought;
- should have tenacity of purpose or patience;
- Should be sociable and quick witted (ability to establish rapport);
- Respect for others;
- Should have an understanding of human psychology
- Should have knowledge of the local language, local customs and habits; and
- should have good memory and power of observation.



Principles of Investigative Interviewing

- **Plan.** Without a plan your inquires will be ineffective. A poorly planned or ineffective investigation may actually be worse than no investigation at all.
- **Accuracy-** Obtaining accurate and reliable information
- **Objectivity-** Approach witnesses, victims and suspects with an open mind, do not prejudge.
- **Fairness-** Witnesses, victims and suspects should be given a fair hearing regardless of the investigator's feelings about them
- **Persistence-** Where an investigator suspects evasion of questions or dishonesty by the subject, the investigator is at liberty to persist in questioning so as to clear any doubt.



Principles of Investigative Interviewing Cont...

- **Right of questioning-** Where a witness, victim or suspects decides to exercise their right to remain silent the investigator has the right to still put questions to them and record “no response” answers.
- **Truth-** Always endeavor to establish the truth.
- **Considerate treatment of vulnerable persons-** minors, people with mental or physical disabilities may be interviewed in the presence of their representatives.

What are some of the Sources of Information for Investigators ?



Intelligence Gathering: Sources of Information



Intelligence Gathering: People as Source of Information (Cultivating and Managing Informers)

- Create a network of contacts or informants.
- Investigation agencies are heavily dependent on well-motivated and skilled informants or agents.
- An Investigator should do the following in order to develop informants.



Intelligence Gathering: Basic Rules to be followed when handling informants:

- To be kept secret including their identity;
- Dealt with fairly, truthfully and tactfully;
- Not to be embarrassed, offended or argued with;
- To be kept under the control of an investigator; and
- All obligations with the informants should be fulfilled promptly.

Note: All information from informants should be verified and Investigators should always look for corroborating evidence at all times.

Cultivating and Managing Informers

The Human Intelligence Recruitment Process



Intelligence Gathering: Cultivating and Managing Informers

An investigator has to-

- Talent spotting: first understand the target of interest before proceeding to recruit individuals.
- Direct access to the information and already in the target.
- Know personal details/background of individuals earmarked for recruitment.
- Know or understand the individual's motivation, as different individuals have different motives for accepting to be recruited by an investigator (M.I.C.E.)

Cases of Allegations of Fraud, Corruption, Malpractice Internally Investigated by IAU

Note: some allegations are interlinked and capable of falling into more than one category

Allegation (Offence)	2019	2020	2021(As at 30 th November,2021)
Fraud	3	4	3
Dishonest Conduct	38	39	23
Theft	1	0	1
Bribery/Corruption	7	2	1
Abetting smuggling/collusion/Gross Negligence	15	12	18
Other	3	6	0
Total cases investigated	67	63	46

YEAR	NEW CASES	BROUGHT FOWARD	TOAL
2019	67	26	93
2020	63	11	74



Updates on the 2019 and 2020 Disciplinary cases Hearings

2019

- Note that out of 49 cases heard in 2019 we had 32 found wanting bringing the total “conviction” rate (Found wanting) to 65.31%. The table below shows the distribution of cases across Divisions.

- DIVISION/DEPT/UNIT No. OF OFFICERS**

CUSTOMS		35
ADMINISTRATION	8	
DOMESTIC TAXES	5	
ICT		1
TOTAL	49	

2020

- In 2020 to date we had 63 cases out of which 3 are yet to be tabled while 4 are yet to be determined. Out of the remaining 56 cases we secured 40 (found wanting)1 officer was reinstated after a successful appeal. The conviction rate is 71.43%. The table below shows the distribution of cases across Divisions.

- DIVISION/DEPT/UNIT No. OF OFFICERS**

CUSTOMS	38
DIRECT TAXES	13
INDIRECT TAXES	7
FINANCE	3
LEGAL	1
COMMISSIONER GENERAL	1
TOTAL	63

Definitions of some of the Offences from Disciplinary Code

(Penalty: Summary Dismissal plus Surcharge or recovery of money or payment for the repair of damaged property, Summary Dismissal, 40.2 Final Written Warning)

40.1 Dishonest Conduct

- This includes the following: (i) theft; (ii) misappropriation of Authority funds; (iii) defrauding or attempting to defraud the Authority; (iv) accepting or offering bribe(s) in respect of any Authority business; (v) corruption – the soliciting, accepting, obtaining, giving, promising or offering of a gratification by way of a bribe or other personal temptation or inducement, or the misuse or abuse of a public office for advantage or benefit for oneself or another person. (vi) unauthorised removal of property from Authority premises; (vii) removing, altering or destroying official records; (viii) illegal importation or exportation of goods; (ix) abuse of office – use of one’s position, authority and office resources for personal monetary and material gain; (x) being convicted of a criminal offence with a custodial sentence; (xi) smuggling and abetting smuggling; (xii) drug trafficking or abetting drug trafficking; and (xiii) Providing false or misleading information (even to external and internal auditors when conducting audits) or evidence for Authority records leading to loss of Authority revenue/funds or damage to Authority reputation.

13. Gross negligence of duty resulting in loss of Authority funds or property, public funds or damage to Authority property

- **40.2 Dishonest Conduct**
- (i) Providing false or misleading information (even to external and internal auditors when conducting audits) or evidence for Authority records, but does not lead to loss of Authority revenue/funds or damage to Authority reputation. (ii) Failure to declare interest
- **13.**The lack of proper care and attention in the performance of duties by an employee which leads to a loss of money, property or damage to property or injury to life of the Authority, the Government or other third party affected by the employee’s act. The employee’s act covers loss incurred but later recovered whether by other officers of the Authority, Government or private.

Collaboration with the Anti-Corruption Commission, Zambia Police, Road Transport and Safety Agency, Drug Enforcement Commission, Financial Intelligence Centre, Courts

ACC nabs 3 ZRA employees for corruption – Zambia: News Diggers! wp.me

ACC nabs 3 ZRA employees for corruption <https://wp.me/p86XRW-iX3> 15:40

 Zambia Revenue Authority (ZRA) employee turns down K 1 million bribe... www.mwebantu.com

Zambia Revenue Authority (ZRA) employee turns down K 1 million bribe <https://www.mwebantu.com/zambia-revenue-authority-zra-employee-turns-down-k-1-million-bribe/> 15:42

ZRA officer arrested for corrupt practices | **Zambian Eye** zambianeye.com

<https://zambianeye.com/zra-officer-arrested-for-corrupt-practices/> 15:45

22:20 45%

THREE ZRA OFFICERS, AGENT CORNERED

ROBERT JULY 8, 2020 729 0 0

By ZANIS:

The Anti-Corruption Commission -ACC- has arrested three Zambia Revenue Authority employees and one clearing agent for corrupt practices and fraudulent false accounting.

Topsy Sakala, Dickson Msimuko, both ZRA Treasury Officers, Nasilele Isilabo, a ZRA Senior Treasury Officer, and Nancy Yendama, a clearing agent have been charged with various counts ranging from corrupt practices, fraudulent false accounting, and abuse of authority of office contrary to the laws of Zambia.

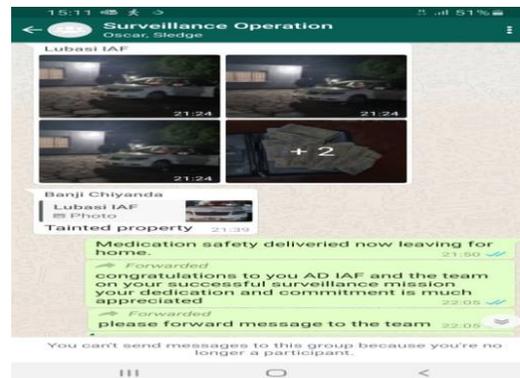
The suspects have since been released on bond and are due to appear in court soon.

This is contained in a statement issued to Zanis in Lusaka this afternoon by ACC Corporate Affairs Officer, Jonathan Siame.

Post Views: 729



Cases Previously Investigated by IAU 2020/2021



Cases Previously Investigated by IAU



Cases Previously Investigated by IAU

- Clearing of Private Motor Vehicles as Ex- Government (GRZ) Vehicles (2019), (alteration of data on the ASYCUDAworld System) Total Motor vehicles 13. Officer Dismissed and currently being criminally prosecuted together with a Customs Clearing Agent. KP (Clearing Agent) and MC jointly charged with 13 counts for smuggling of a Motor vehicle contrary to section 149(a) and 155(1) and (2) of the Customs and Excise Act Cap 322 of the Laws of Zambia and 15 counts of unauthorized interference with data contrary to section 99(2) of the Electronic communication and transaction act number 21 of 2009 of the laws of Zambia.
- Alleged Dishonest Conduct Against PM, A Tax Inspector and A.N, A Tax Agent For Soliciting A Bribe From MRS. Officer promised to help with the audit, quick processing and payment of the Value Added Tax (VAT) refund amounting to K14, 719, 595.76 which the said company was pursuing. This was after some adjustments were made to the initial claim of K15, 282, 450.74. 12% commission.
- Suspicious Payment Reallocations On Taxpayers' Accounts (VAT fraud).
- False Accounting and Receipting (RTGS) (Finance Department).
- Transit Fraud (Customs). Human Resources-Promotions.



Challenges

- Vested interest and collusion among officers and supervisors
- Physical threat to security of IAU Officers
- Lack of reward policy for informants
- Lack of appreciation of the roles of IAU by some of the Members of the Principal Disciplinary Committee and the Workers Union
- Misunderstanding of Role of Internal Affairs
- Delays by other Departments and Divisions in availing the obtaining necessary documents or records.
- Exchange of Information delays with other foreign Jurisdictions.
- COVID-19 Pandemic (Gassing).



Conclusion

- Anti-corruption advocates are best known by their actions – not just words.
- The success of the Organisation is dependent on a workforce of integrity.
- Let us Remember.

“Without integrity everything we do is flawed”

MY INTEGRITY MATTERS

I VALUE INTEGRITY



