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Determinants of Fraud Examination Performance: An Empirical Study of Internal Investigation Reports

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ABSTRACT

Fraud examiners from global auditing firms and local law firms are in the business of private policing by conducting internal investigations in private and public organizations when there is suspicion of financial crime. The business is often characterized by secrecy, and reports of investigations are often difficult or impossible to disclose. Since 2012, we have successfully retrieved 63 fraud examination reports in Scandinavia. Based on these reports, this article presents a statistical analysis of fraud examination performance. Performance was measured in terms of the extent of successful reconstruction of past events and the extent of justification of conclusions from the examinations. We identified three statistically significant determinants of fraud examination performance: the seriousness of the consequences, the relative seriousness of the consequences and the conclusions, and the seriousness of the conclusions.

Keywords: fraud examination; private policing; internal investigation; investigation performance; empirical study.

Petter Gottschalk is professor in the department of leadership and organizational behavior at BI Norwegian Business School in Oslo, Norway. He has been the chief executive officer (CEO) at several companies including ABB Datacables and Norwegian Computing Center. Dr. Gottschalk has published extensively on internal investigations, knowledge management, fraud examination, financial crime, police investigations, organized crime, and white-collar crime.

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ABSTRACT

BACKGROUND

Fraud examiners from global auditing firms and local law firms are in the business of private policing by conducting internal investigations in private and public organizations when there is suspicion of financial crime. The business is often characterized by secrecy, and reports of investigations are often difficult or impossible to disclose.

METHODS

Since 2012, we have successfully retrieved 63 fraud examination reports in Scandinavia. Based on these reports, this article presents a statistical analysis of fraud examination performance.

RESULTS

Performance was measured in terms of the extent of successful reconstruction of past events and the extent of justification of conclusions from the examinations. We identified three statistically significant determinants of fraud examination performance: the seriousness of the consequences, the relative seriousness of the consequences and the conclusions, and the seriousness of the conclusions.

CONCLUSIONS

We find that performance is significantly influenced by investigation consequences, by relative seriousness of consequences compared to examination conclusions, and by seriousness of conclusions. Examinations without relevant consequences and without justified conclusions may cause more harm than benefits to client organizations.

INTRODUCTION

Fraud examiners from global accounting firms and local law firms are often hired by private and public organizations to investigate when there is suspicion of misconduct and financial crime (Button et al., 2007). The client organization defines an investigation mandate with the hired examination firm, and fraud examiners from the firm conduct the investigation in the client organization (Williams, 2014). At the end of investigation, fraud examiners present a report of investigation to the client organization (Schneider, 2006). Very often, the report of investigation is kept secret and confidential, both in relation to the police and the general public (Gottschalk and Tcherni-Buzzeo, 2017).

Private policing by fraud examination is a growing business for global accounting firms such as BDO, Deloitte, Ernst & Young, KPMG, and PwC as well as local law firms in various jurisdictions. Because of limited access caused by secrecy, little is known about the performance of internal investigators in fraud examinations (Gottschalk and Tcherni-Buzzeo, 2017). This article addresses the shortcoming of knowledge by analyzing a sample of internal investigation reports by fraud examiners in Scandinavia. We were able to identify and obtain a total of 63 reports of investigations to address the following research question: *What are determinants of fraud examination performance in private internal investigations?*

INTERNAL INVESTIGATIONS

When there are rumors, suspicions, or accusations of misconduct and financial crime based on media reports, whistleblowing (Liu and Ren, 2017), or other sources, the affected organization has to react in some way. If management decides only to report incidents to the police then the case evolution may come out of hand for the affected organization (Gottschalk and Tcherni-Buzzeo, 2017). Therefore, many organizations prefer to hire private detectives to reconstruct past events and sequence of events (Brooks and Button, 2011). Investigating fraud is like any other investigation concerned with the past. Investigating is to find out what happened in the past. A negative event or a sequence of negative events can be at the core of an investigation. If there is no certainty about events, then finding out whether or not something has occurred can be at the core of an investigation. An investigation can be concerned with events that did occur or events that did not occur. An investigation is a reconstruction of the past. Information is collected and knowledge is applied to reconstruct the past.

Private investigators should involve themselves in neither prosecution nor sentencing.

Investigators should leave to public prosecutors whether or not a person or persons should be

prosecuted. If the evidence is not convincing and compelling, then charges should not be pressed. If the prosecutor fails to convince the judge in the question of guilt, then the defendant is to be acquitted. Defendants are to be given the benefit of the doubt.

Investigators collect information from a number of sources, and they apply a variety of knowledge categories. Information collection involves sources such as interviews with witnesses and suspects, search in documents and e-mails, and observation of actors.

Knowledge categories include organizational behavior, management decision-making, business practices, market structures, accounting principles, deviant behaviors, personal motives, violation of laws, and past verdicts.

The conduct and management of internal investigations after whistleblowing or other signals represent major and continuing challenges for private businesses and public sector agencies. It is a question of who conducts the investigations, their level of training, and how the investigatory capacity of the organization might appear to impact on current outcomes from whistleblowing. Investigations are fact-finding processes that involve collection of information by interviewing relevant people and studying documents. Investigations are concerned with searching, tracking, collecting, studying and examining factual information that answers questions or solves problems. It is a comprehensive activity requiring the exercise of sound reasoning (Mitchell, 2008).

While being like any other investigation concerned with the past, investigating fraud has its specific aspects and challenges. For example, while street criminals typically hide themselves, white-collar criminals hide their crime. Burglars leave traces of the crime and disappear from the scene. White-collar criminals do not disappear from the scene. Instead, they conceal illegal actions in seemingly legal activities. Bribed individuals stay in their jobs, bribing individuals stay in their jobs, embezzling individuals stay in their jobs, and those who commit bank fraud stay in their jobs. They hide their criminal acts among legitimate acts, and they

delete tracks. They create an atmosphere at work where nobody questions their deviant behavior.

Another challenge in white-collar crime investigations is the lack of obvious victims. At instances of burglary, murder or rape, there are obvious and visible victims. In the case of tax evasion, nobody notices any harm or damage. In the case of subsidy fraud, where a ferry company reports lower passenger numbers, the local government does not notice that it has been deceived. Victims of white-collar crime are typically banks, the revenue service, customers, and suppliers. The most frequent victim is the employer, who does not notice embezzlement or theft by employees.

A third challenge in white-collar crime investigations are the resources available to suspects. While a street criminal tends to be happy – at least satisfied – with a mediocre defense lawyer, white-collar criminals hire famous attorneys to help them in their cases. While a street crime lawyer only does work on the case when it ends up in court, white-collar lawyers involve themselves to prevent the case from ever ending up in court. A white-collar lawyer tries to disturb the investigation by supplying material in favor of the client, while preventing investigators insight into material that is unfavorable for the client. This is information control that aims at preventing investigators from getting the complete picture or aims at helping investigators to get a distorted picture of past events. In addition, white-collar lawyers engage in symbolic defense, where they use the media and other channels to present the client as a victim rather than as a potential offender.

White-collar crime investigations are carried out by a variety of professionals in different organizations. Detectives in law enforcement agencies are the most typical crime investigators. All nations in the world have police investigators who reconstruct the past when an offence has occurred. Maybe the most well-known agency is the Federal Bureau of Investigation (FBI) in the United States. The FBI has the authority and responsibility to

investigate specific crime assigned to it and to provide other law enforcement agencies with cooperative services, such as fingerprint identification, laboratory examinations, and training. The FBI also gathers, shares, and analyzes intelligence, both to support its own investigations and those of its partners. The FBI is the principal investigative arm of the U.S. Department of Justice (Kessler, 2012). In its white-collar crime program, the FBI focuses on identifying and disrupting public corruption, money laundering, corporate fraud, securities and commodities fraud, mortgage fraud, financial institution fraud, bank fraud and embezzlement, health care fraud and other kinds of financial crime.

Other countries have similar bureaus. For example in Norway, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) is the central unit for financial crime investigations. Økokrim is both a police specialist agency and a public prosecutors' office with national authority. Both the FBI and Økokrim focus on complex investigations that are international or national in scope and where the agencies can bring to bear unique expertise or capabilities that increase the likelihood of successful white-collar crime investigations.

Outside regular law enforcement we find other investigating agencies within the public sector. An example is the IRS criminal investigation division in the United States. The division investigates potential criminal violations of the U.S. internal revenue code and related financial crime in a manner intended to foster confidence in the tax system and deter violations of tax law.

Outside governments' criminal justice systems, private investigators can be found internally in organizations and externally. An example of internal investigators is fraud examiners in insurance companies who investigate insurance customers' claims. Another example is internal investigators in banks who investigate suspicions of fraud and money laundering. A

final example is internal auditors and compliance officers who investigate suspicions of financial crime.

External investigators are fraud examiners who are hired by clients to perform investigations in the clients' organizations. While the investigators are employed by law firms, accounting firms and consulting firms, they are hired by business and government organizations to carry out internal investigations. They have backgrounds such as forensic accountants, police detectives, business lawyers, organizational psychologists, and executive managers.

Little is known about the performance of external investigators as fraud examiners hired by private and public organizations. Skepticism has been expressed concerning lack of professionalism (Schneider, 2006), privatization of law enforcement (Brooks and Button, 2011; Williams, 2005, 2014), blame games, secrecy (Gottschalk and Tcherni-Buzzeo, 2017), manipulation, and lack of objectivity, integrity, and accountability.

The criticism that comes with white-collar crime is the cost of policing fraud. When dealing with small internal frauds, "police would be called but often they did not offer help" (Brooks and Button, 2011: 307). The lack or number of limited resources has constrained the police force in dealing with fraud. The private sector have criticized the police for their lack of willingness to tackle the issue of investigating fraud, but it is sometimes out of their control when resources are not available to confront the issue. It is sometimes also a question of whether the police view fraud as a serious crime or if they have the capabilities in education and training to tackle economic crime (Button et al., 2007).

Organizations may feel that the police lack commitment to their cases and not report it. Their next step might be to report it to the private investigation sector. This can result in problems in which fraud may be seen as a private matter and "can downgrade the seriousness of the offence as it does not require a public 'state' sanction, censure and condemnation and is hidden, and dealt with in-house in a secretive manner" (Brooks and Button, 2011: 310).

People and organizations may go to private investigators when they feel that the police will not take their issues seriously.

RESEARCH MODEL

We want to study fraud examination performance and identify potential determinants of that performance. Figure 1 illustrates our research model, where we have five potential determinants of fraud examination performance. First, the seriousness of suspected deviant behavior is assumed to have an influence, where minor misconduct can be distinguished from serious crime. Next, the scope of the investigation can be either narrow or wide in its approach to the problem at hand. Third, the seriousness of the conclusion can vary between no findings to most serious findings. Fourth, the investigation can have no consequence or most serious consequence. Finally, the report of investigation as a document from examiners to the client can be inappropriate or appropriate.

<FIGURE 1 HERE>

Based on the research model in Figure 1, a total of five research hypotheses can be formulated. The first hypothesis is concerned with the extent of suspected deviant behavior. In some cases, there can be minor incidents of little importance, while other cases are characterized by suspicion of financial crime by white-collar criminals. We assume that it is harder to get to the bottom of a case if more serious suspicions have occurred:

Hypothesis 1: Suspicions of more serious deviant behavior cause less successful fraud examination performance.

The second research hypothesis is concerned with the scope of the investigation. We suggest that an investigation with a wide scope may lack necessary focus to solve the case successfully:

Hypothesis 2: A wider scope of investigation causes less successful fraud examination performance.

Since fraud examiners are hired when there is suspicion of misconduct and crime, we assume that performance is dependent on actual findings. If there is a lack of findings, conclusions will be weak and lead to lack of performance:

Hypothesis 3: More serious conclusions cause more successful fraud examination performance.

Some fraud examination reports are just archived to collect dust. Other reports have serious consequences for individuals and organizations. We assume that the latter situation is associated with better fraud examination performance:

Hypothesis 4: More severe investigation consequences cause more successful fraud examination performance.

The report of investigation is the final product handed over from fraud examiners to the client. We assume that the quality of the report itself influences fraud examination performance:

Hypothesis 5: A more comprehensive report of investigation causes more successful fraud examination performance.

In addition to these five research hypotheses, we include two more hypotheses to look at relative measures based on variables in the research model. We assume that if conclusions are more serious than suspicions, then performance improves:

Hypothesis 6: A relatively more serious conclusion compared to the suspicion causes more successful fraud examination performance.

Similarly, we assume that if consequences are more serious than conclusions, then performance improves:

Hypothesis 7: A relatively more serious consequence compared to the conclusion causes more successful fraud examination performance.

RESEARCH METHOD

Since 2012, it has been possible to identify and retrieve a total of 63 reports of investigations by fraud examiners in Scandinavia, mainly in Norway. The reports are listed in Table 1.

<TABLE 1 HERE>

Each investigation in Table 1 were coded regarding seriousness of suspicion, scope of investigation, seriousness of conclusion, investigation consequence, report of investigation, and fraud examination performance. The dependent variable fraud examination performance was defined on a four square scale as well as on ranks from 1 to 63 as illustrated in Figure 2. A total of 63 internal investigation reports by fraud examiners were available for the study of determinants of fraud examination performance. We coded performance as the dependent variable in the research model as the extent to which examiners were able to reconstruct past events and sequence of events and to what extent examiners were able to justify their conclusions in the investigation reports. The dependent variable was both coded on a four-point scale and a sixty-three-point scale. The four-point scale went from poor reconstruction and poor justification, to poor reconstruction and excellent justification, to excellent reconstruction and poor justification, and to excellent reconstruction and excellent justification. The sixty-three-point scale is a ranking of all available reports from 1 to 63,

where report number 63 is considered the best fraud examination in terms of reconstruction and justification.

The variables are operationally measured based on contents analysis. Content analysis can be defined as any methodology or procedure that works to identify specific characteristics within texts attempting to make valid inferences (Krippendorff, 1980; Patrucco et al., 2017). Content analysis assumes that language reflects how people understand their surroundings and reflects their cognitive processes. Therefore, content analysis makes it possible to determine the extent of excellent or poor reconstruction of events and sequence of events and the extent of excellently or poorly founded investigation conclusions based on the researcher's expert interpretations of text in reports of investigations (McClelland, 2010).

<FIGURE 2 HERE>

RESEARCH RESULTS

Regression analysis was applied with 5+2 independent variables. Two regression models were tested. The first model has a four-point scale as indicated in Figure 2. The model summary in Table 2 shows that the model is able to explain 28.2 percent of the variation in fraud examination performance. The model is statistically significant, as indicated in Table 3.

<TABLE 3 HERE>

<TABLE 4 HERE>

<TABLE 5 HERE>

Three significant determinants are identified in this regression model as listed in Table 4. First, the seriousness of consequences (hypothesis 4) is a significant determinant with a

significance of .000. Next, a relatively more serious consequence compared to the conclusion causes more successful fraud examination performance (hypothesis 7) with a significance of .004. Finally, the seriousness of conclusions (hypothesis 3) is a significant determinant with a significance of .043.

The second model has a ranking scale of all 63 examinations from 1 to 63. Within each four-point scale in Figure 2, investigations have been internally ranked. The model summary in Table 5 shows that the model is able to explain 28.1 percent of the variation in fraud examination performance. The model is statistically significant, as indicated in Table 6.

<TABLE 5 HERE>

<TABLE 6 HERE>

<TABLE 7 HERE>

Three significant determinants are identified in this regression model as listed in Table 7.

First, the seriousness of consequences (hypothesis 4) is a significant determinant with a significance of .000. Next, a relatively more serious consequence compared to the conclusion causes more successful fraud examination performance (hypothesis 7) with a significance of .002. Finally, the seriousness of conclusions (hypothesis 3) is significant determinant with a significance of .018.

DISCUSSION

A total of 63 internal investigation reports by fraud examiners were available for the study of determinants of fraud examination performance. We coded performance as the dependent variable in the research model as the extent to which examiners were able to reconstruct past events and sequence of events and to what extent examiners were able to justify their

conclusions in the investigation reports. The dependent variable was both coded on a four-point scale and a sixty-three-point scale. The four-point scale went from poor reconstruction and poor justification, to poor reconstruction and excellent justification, to excellent reconstruction and poor justification, and to excellent reconstruction and excellent justification. The sixty-three-point scale is a ranking of all available reports from 1 to 63, where report number 63 is considered the best fraud examination in terms of reconstruction and justification.

Three significant determinants are identified in both regression models. The seriousness of consequence is a significant determinant and thus provides support for the following hypothesis 4: *More severe investigation consequences cause more successful fraud examination performance.* A typical severe consequence is that a suspected white-collar criminal is prosecuted and convicted in court. Another typical severe consequence is that the company is put out of business. Examples of less severe consequences are revised ethical guidelines and routines in the organization, learning points for the organization, and criticism of some management decisions without blaming anyone.

The second significant determinant is a relatively more serious consequence compared to the conclusion and thus supporting hypothesis 7: *A relatively more serious consequence compared to the conclusion causes more successful fraud examination performance.* If the conclusion is strong and specific, while the consequence is vague and minor, then the fraud examination might be considered a failure. For example, if an executive is reported to the police because of strong allegations in examination conclusions, while the police find no evidence at all in the received documentation, then a less successful fraud examination has occurred.

The third significant determinant is the seriousness of conclusions and thus supporting hypothesis 3: *More serious conclusions cause more successful fraud examination*

performance. This is a somewhat problematic hypothesis as well as research result, since the goal of an investigation is to reconstruct the past. If investigators find nothing wrong, then the investigation should be considered just as successful as when investigators find serious financial crime.

Based on the latter shortcoming of this study, there should be ample opportunity for future research. However, a challenge will be to identify private internal investigations and to obtain information about them. Secrecy and lack of transparency is still the norm in the private policing business (Gottschalk and Tcherni-Buzzeo, 2017). Examiners from global accounting firms and local law firms claim that investigation results are the property of their clients, while client organizations in both the private and public domain claim that privacy protection of suspected individuals, business secrets and other factors prevent them from disclosing investigations results to researchers, to the media, to the public and even to the police.

Ideally, future research should include factors that are mentioned in the literature review on internal investigations, such as training, experience, specialization, amount of resources, and equipment. These factors are all expected to be associated with successful outcomes of investigations. Unfortunately, none of this information was available in the data files for the current research. Hopefully, such factors can be included in future research.

Out of seven hypotheses, three hypotheses find support in the current study. This result might come across as a disappointment. However, rejection or lack of support can be just as interesting as support for research hypotheses. For example, it is interesting to note that suspicions of more serious deviant behavior has no proven effect on examination performance (hypothesis 1). The same applies to the scope of investigation (hypothesis 2), the comprehensiveness of the report (hypothesis 5), and the relative seriousness of the conclusion in the report (hypothesis 6).

CONCLUSION

Client organizations often pay substantial amounts of money – several million US dollars – for internal investigations by fraud examiners. Thus it is a relevant question whether clients get value for their money. Internal investigations often cause severe strain and stress among individuals and in the whole organization. Thus it is a relevant question whether the performance of fraud examiners justify the strain and stress that they have caused. In this article, we have conceptualized performance in terms of the extent of successful reconstruction of past events and in terms of the extent of justification for conclusions from the investigation.

We find that performance is significantly influenced by investigation consequences, by relative seriousness of consequences compared to examination conclusions, and by seriousness of conclusions. Examinations without relevant consequences and without justified conclusions may cause more harm than benefits to client organizations.

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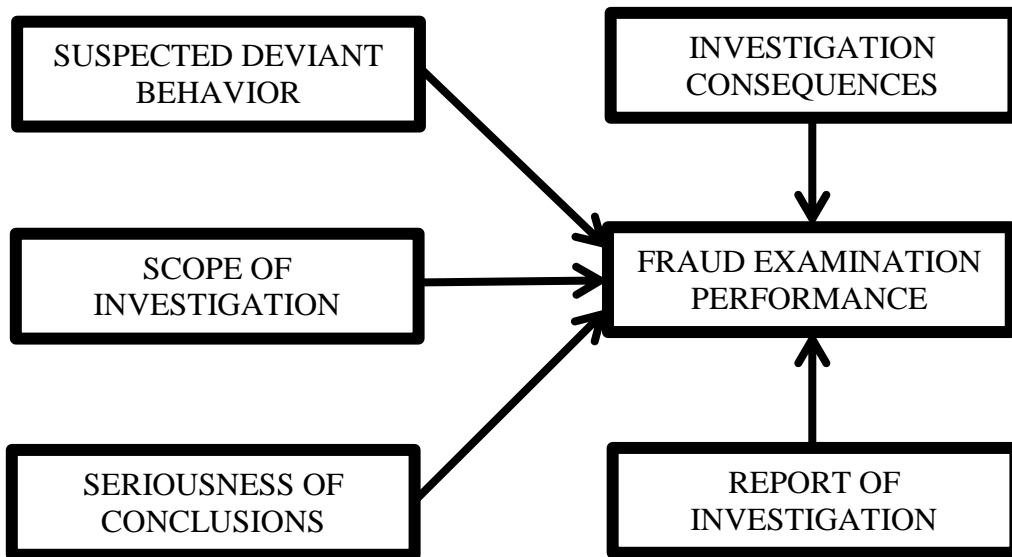


Figure 1 Research model for determinants of fraud examination performance

	Examination	Examiner	Suspicion	Pages
1	Adecco nursing home	Wiersholm (2011)	Compensation fraud	23
2	Ahus hospital	PwC (2013a)	Procurement fraud	15
3	Andebu municipality	BDO (2014b)	Abuse of public funds	23
4	Betanien foundation	BDO (2014a)	Embezzlement	10
5	Briskeby sports	Lynx (2011)	Abuse of public funds	267
6	Demokratene party	Partirevisjon (2016)	Subsidy fraud	5
7	DNB bank	Hjort (2016)	Tax evasion	18
8	Drammen municipality	Deloitte (2017a)	Corruption	53
9	Eckbo foundation	Thommessen (2009)	Abuse of foundation funds	119
10	Fadderbarna foundation	BDO (2011)	Document forgery	46
11	Forsvaret military	Dalseide (2006)	Corruption	184
12	Forsvaret logistics	PwC (2014c)	Corruption	71
13	Forsvaret routines	PwC (2015)	Military fraud	50
14	Furuheim foundation	Hald (2006)	Abuse of foundation funds	164
15	Gassnova company	BDO (2013a)	Procurement fraud	27
16	Grimstad municipality	BDO (2016)	Corruption	64
17	Hadeland company	PwC (2014a)	Embezzlement	32
18	Hadeland corporation	PwC (2014b)	Embezzlement	25
19	Halden sports	KPMG (2012)	Abuse of public funds	121
20	Halden municipality	Hjort (2013)	Corruption	46
21	Hordaland police	Wiersholm (2015)	Whistleblower retaliation	111
22	Kraft & Kultur company	Ernst & Young (2012)	Accounting fraud	31
23	Kragerø company	Deloitte (2012)	Compensation fraud	109
24	Kvam Auto company	Wikborg (2015)	Employee fraud	93
25	Langemyhr company	PwC (2008a)	Municipality fraud	27
26	Leksvik municipality	Midt-Norge (2017)	Compensation fraud	36
27	Lunde company	Vierdal (2012)	Bankruptcy fraud	86
28	Moskva school	Ernst & Young (2013a)	Compensation fraud	52
29	NFF sports	Lynx (2012)	Player fraud	48
30	NIF sports	BDO (2014c)	Corruption	4
31	Nordea bank	Mannheimer (2016)	Tax evasion	42
32	Norsk Tipping betting	Deloitte (2010)	Compensation fraud	61

33	Næring ministry	PwC (2016)	Subsidiary corruption	77
34	Oslo housing	BDO (2017a)	Corruption	79
35	Oslo nursing	Kommunerevisjon (2013)	Compensation fraud	92
36	Oslo care	PwC (2009)	Abuse of public funds	92
37	Oslo cleaning	Deloitte (2017b)	Procurement fraud	93
38	Oslo transport	PwC (2007)	Corruption	88
39	Oslo schools1	Kommunerevisjon (2006a)	Property fraud	30
40	Oslo schools2	Kommunerevisjon (2006b)	Property fraud	44
41	Oslo buss	Wiersholm (2012b)	Corruption	23
42	Oslo road	Kvale (2013)	Abuse of public funds	53
43	Politi police	KPMG (2016)	Compensation fraud	74
44	Rana municipality	PwC (2008b)	Abuse of public investment	52
45	Region Denmark	Kromann Reumert (2015)	Position fraud	27
46	Romerike water	Distriktsrevisjon (2007)	Embezzlement	555
47	Sandefjord municipality	Tenden (2017)	Position fraud	54
48	Skjervøy municipality	KomRev (2015)	Position fraud	138
49	Stangeskovene company	Ernst & Young (2013b)	Shareholder fraud	103
50	Stavanger municipality	PwC (2013b)	Abuse of public funds	13
51	Sykehuset hospital	Haavind (2011)	Compensation fraud	15
52	Telenor corporation	Deloitte (2016a)	Corruption	54
53	Tjøme municipality	BDO (2017b)	Corruption	39
54	Tomter association	Holmen (2014)	Property fraud	16
55	Troms company	Norscan (2013)	Accounting fraud	38
56	Utenriks1 ministry	Duane Morris (2016)	Rental fraud	172
57	Utenriks2 ministry	Kontrollenhet (2016)	Subsidy fraud	23
58	Utenriks3 ministry	Kontrollenhet (2017)	Procurement fraud	25
59	Utlending authority	Deloitte (2016b)	Procurement fraud	36
60	Verdibanken bank	Wiersholm (2012a)	Shareholder fraud	5
61	Video association	BDO (2013b)	Funding fraud	20
62	World gaming	Stiftelsestilsyn (2014)	Ponzi fraud	17
63	Zacharias company	Advokatpartner (2017)	Bankruptcy fraud	33

Table 1 Reports of investigations from fraud examiners

	<i>Poorly founded investigation conclusions</i>	<i>Excellently founded investigation conclusions</i>
<i>Excellent reconstruction of events and sequence of events</i>	44 Andebu, BDO 45 Briskeby, Lynx 46 Fadderbarna stiftelse, BDO 36 Hadeland bredbånd, PwC 37 Hadeland energi, PwC 47 Halden ishall, KPMG 38 Hordaland politi, Wiersholm 39 Kvam Auto, Wikborg 48 Oslo omsorgsbygg, PwC 40 Region Syddanmark, Kromann 41 Telenor VimpelCom, Deloitte 42 Utenriksdepartement2, Kontrollenhet 43 Utenriksdepartement3, Kontrollenhet 49 Utlendingsdirektoratet, Deloitte	56 Betanien, BDO 59 Drammen kommune, Deloitte 53 Forsvaret kontrakter, Dalseide 55 Furuheim stiftelse, Hald 63 Lunde konkurs, Vierdal 62 Nordea Panama, Mannheimer 61 Norsk Tipping, Deloitte 60 Oslo Lindeberg, Kommunerevisjon 52 Oslo skole1, Kommunerevisjon 57 Oslo skole2, Kommunerevisjon 54 Oslo Vei konkurs, Kvale 58 Romerike Vannverk, Distriktsrevisjon 51 Troms Kraft, Norscan 50 Utenriksdepartement1, Duane Morris
<i>Poor reconstruction of events and sequence of events</i>	8 DNB Panama, Hjort 6 Eckbo stiftelse, Thommassen 8 Grimstad kommune, BDO 10 Kraft & Kultur, Ernst & Young 11 Kragerø båtselskap, Deloitte 1 Langemyhr byggmester, PwC 12 Leksvik kommune, Midt-Norge 2 Moskvaskolen, Ernst & Young 13NFF spilleroverganger, Lynx 14 NIF spillerovergang, BDO 15 Oslo boligbygg, BDO 16 Oslo samferdsel, PwC 3 Politiets utlendingsenhet, KPMG 7 Sandefjord kommune, Tenden 17 Stangeskovene eiere, Ernst & Young 18Tjøme kommune, BDO 19 Verdibanken, Wiersholm 20Videoforhandlere, BDO 4 World Ventures, Stiftelsestilsyn 5 Zachariasbryggen, Advokatpartner	21 Adecco, Wiersholm 28 Ahus, PwC 29 Demokratene, Partirevisjon 30 Forsvaret logistikk, PwC 31 Forsvaret rutiner, PwC 22 Gasnova internkontroll, BDO 32 Halden kommune, Hjort 23 Næringsdepartementet, PwC 33 Oslo renovasjon, Deloitte 34 Oslo Unibuss, Wiersholm 24 Rana kommune, PwC 25 Skjervøy kommune, KomRev 26 Stavanger kommune, PwC 27 Sykehuset Innlandet, Haavind 35 Tomter handelsforening, Holmen

Figure 2 Performance of fraud examiners in private internal investigations

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,603 ^a	,363	,282	,976

Table 2 Explanatory power of model 1

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29,920	7	4,274	4,487	,001 ^b
	Residual	52,397	55	,953		
	Total	82,317	62			

Table 3 Statistical significance of model 1

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,174	,720		3,021	,004
	Report of investigation	,003	,002	,206	1,816	,075
	Scope of investigation	-,040	,106	-,047	-,381	,705
	Suspicion seriousness	,277	,209	,278	1,327	,190
	Conclusion seriousness	-,530	,256	-,618	-2,069	,043
	Consequence seriousness	,754	,196	1,014	3,845	,000
	Conclusion-Suspicion	,170	,363	,099	,468	,642
	Consequence-Conclusion	-1,358	,452	-,649	-3,002	,004

Table 4 Statistically significant predictor variables for model 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	,602 ^a	,362	,281	15,558

Table 5 Explanatory power of model 2

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	7566,042	7	1080,863	4,465	,001 ^b
	Residual	13312,942	55	242,053		
	Total	20878,984	62			

Table 6 Statistical significance of model 2

Coefficients

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
2	(Constant)	32,054	11,473		2,794	,007
	Report of investigation	,046	,026	,200	1,757	,084
	Scope of investigation	-,923	1,692	-,068	-,546	,587
	Suspicion seriousness	4,870	3,331	,307	1,462	,149
	Conclusion seriousness	-9,988	4,084	-,731	-2,446	,018
	Consequence seriousness	12,831	3,127	1,083	4,103	,000
	Conclusion-Suspicion	2,974	5,787	,109	,514	,609
	Consequence-Conclusion	-22,893	7,208	-,687	-3,176	,002

Table 7 Statistically significant predictor variables for model 2