What Keeps You Up At Night?
How to control potential travel and expense fraud.

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As You’re Sitting Down

Small Businesses

Global Businesses

Introduce Yourself

- Name
- Company
- Area of focus (travel, expense, corporate card, other)

Exchange Business Cards
or Email addresses
Why Do People Commit Fraud?

- Financial or emotional force pushing person toward fraud
- Access to a means
- I deserve this…

The Fraud Triangle

- Opportunity
- Rationalization

Source: 2018 ACFE Report to the Nations

Where Could Fraud Occur Within Your Organization?

- Expense reports
- Executive level and above
- Accounts payable process/Invoices
- Timesheets and payroll
- Warehouse or manufacturing area
- Project billing
- Corporate credit cards and P-Cards
Top Fraud Schemes

Asset Misappropriation 57%
Financial Statement 23%
Corruption 9%

Where there’s smoke, there’s fire!

Drilling Into Asset Misappropriation Fraud

Check & payment tampering $150,000 (12%)
Billing $100,000 (20%)
Noncash $88,000 (21%)
Cash larceny $75,000 (11%)
Payroll $63,000 (7%)
Skimming $50,000 (11%)
Expense reimbursement $31,000 (14%)
Cash on hand $20,000 (15%)

Register disbursements $29,000 (3%)

Less Risk
More Risk

Source: 2018 ACFE Report to the Nations
Roundtable Discussion: Let’s talk Travel and Expense Policies!

Do you have a travel and expense policy?
- How often are you reviewing and updating it?
- How are employees educated and certified on the policy?
- Where do you keep your policy? Is it easily available to employees?
- How do you communicate changes to employees?
- Do you enforce the policy? How and when?
- Who’s responsible for ensuring compliance?

Are you impacted by government regulations (FCPA, Sunshine Act, others)?
- How do you ensure compliance to these regulations? Do you have special reporting?
- Who owns this in your organization?

Travel & Expense Policy: Tips and Tricks

- Annually validate accuracy of Travel and Expense policy
  - Re-educate employees on where to locate it and why it is important to follow
- Define a travel and expense audit process to ensure compliance
- Ensure you are using a multi-step/multi-department approval process
- Integrate corporate and P-card feeds and set up rules that don’t allow employees to delete card feed expenses
Roundtable Discussion: Auditing

What are you doing today?
- What's your Audit criteria:
  - Receipt validation
  - Policy compliance
  - Fraud and anomalies
  - Regulation compliance: FCPA, Sunshine Act
  - Approval workflow
- Who's audited? Everyone, cowboys, random?
- Who's doing the audits? Internal or outsourced?
  - Do you work directly with the employee for resolution?
- When are you auditing?
- Do you use technology or is it a manual process?

Tips and Tricks: Auditing

• Best practices:
  - 100% audit
  - Apply Artificial Intelligence/Machine Learning in addition to human review
  - Audit before manager approval
  - Look for specific areas of fraud opportunity (Mileage, Tips)
• Third party auditing prevents biased review
• Multi-national businesses require complex audit methodologies due to country regulations and languages
• Use your audit findings to modify your policy, audit processes and compliance controls
Roundtable Discussion: Now that you have data, how do you find fraud and non-compliance?

How do you measure your compliance success?
– Are you looking for trends?
– Department and individual specific spend?
– Spend by GL?
– What time periods are you comparing?

What do you do when you uncover fraud?
– Who gets involved?
– What action is taken?

Tips and Tricks: Data and Next Steps

Reporting and Trends:
– Review trend analysis by department, region, GL codes
– Audit results:
  ▫ Who’s failing audits
  ▫ What are the reasons for failure
  ▫ How are your audit results shared

Uncovering fraud:
– Investigate anywhere the employee had access
– Anonymous tip lines
– Segregation of duties
Thank You.

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